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100th Congress, 1st Session

H. Rept. No. 100-433

S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 25

Depositions

Lee H. Hamilton, *Chairman,*
House Select Committee
Daniel K. Inouye, *Chairman,*
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

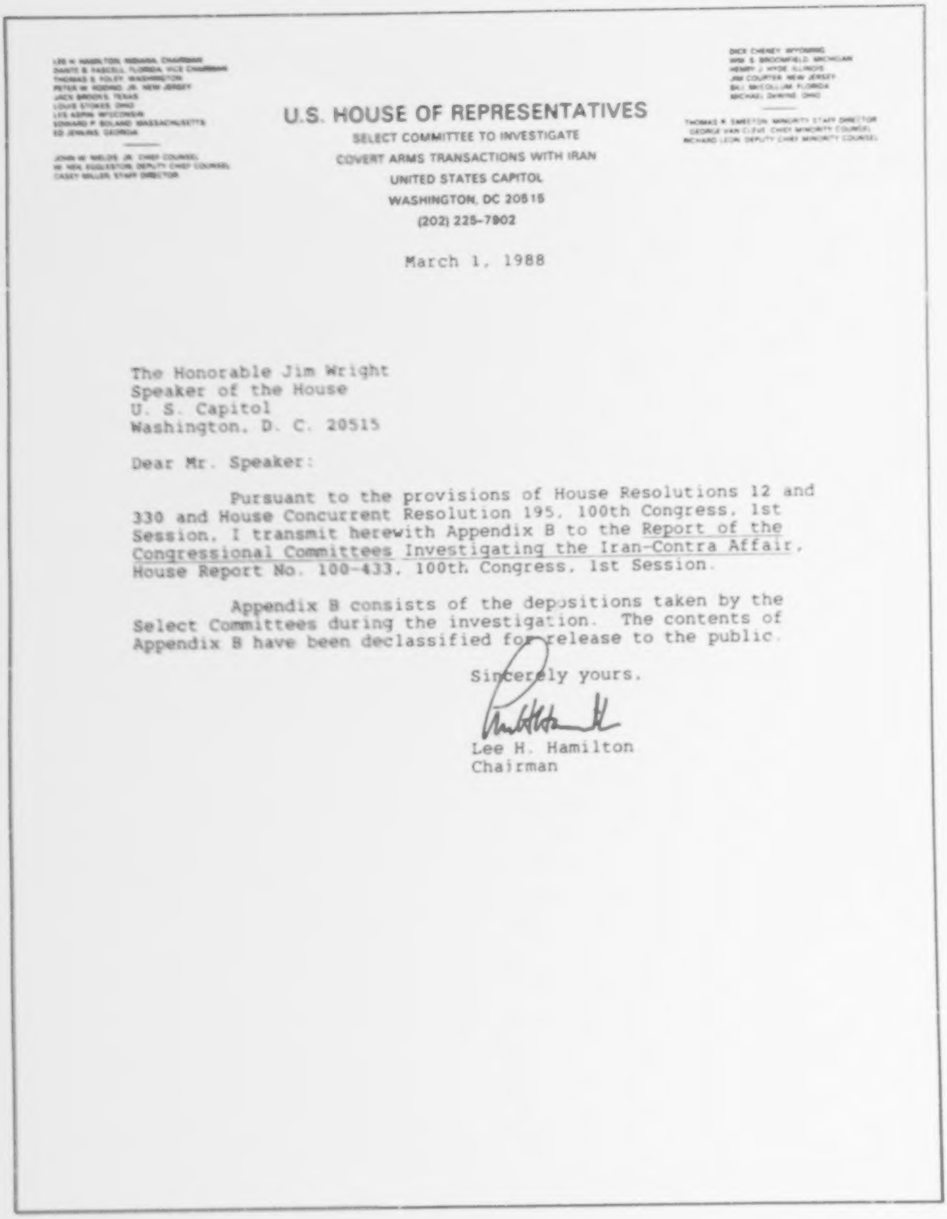
U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

S963-27
H963-27



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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

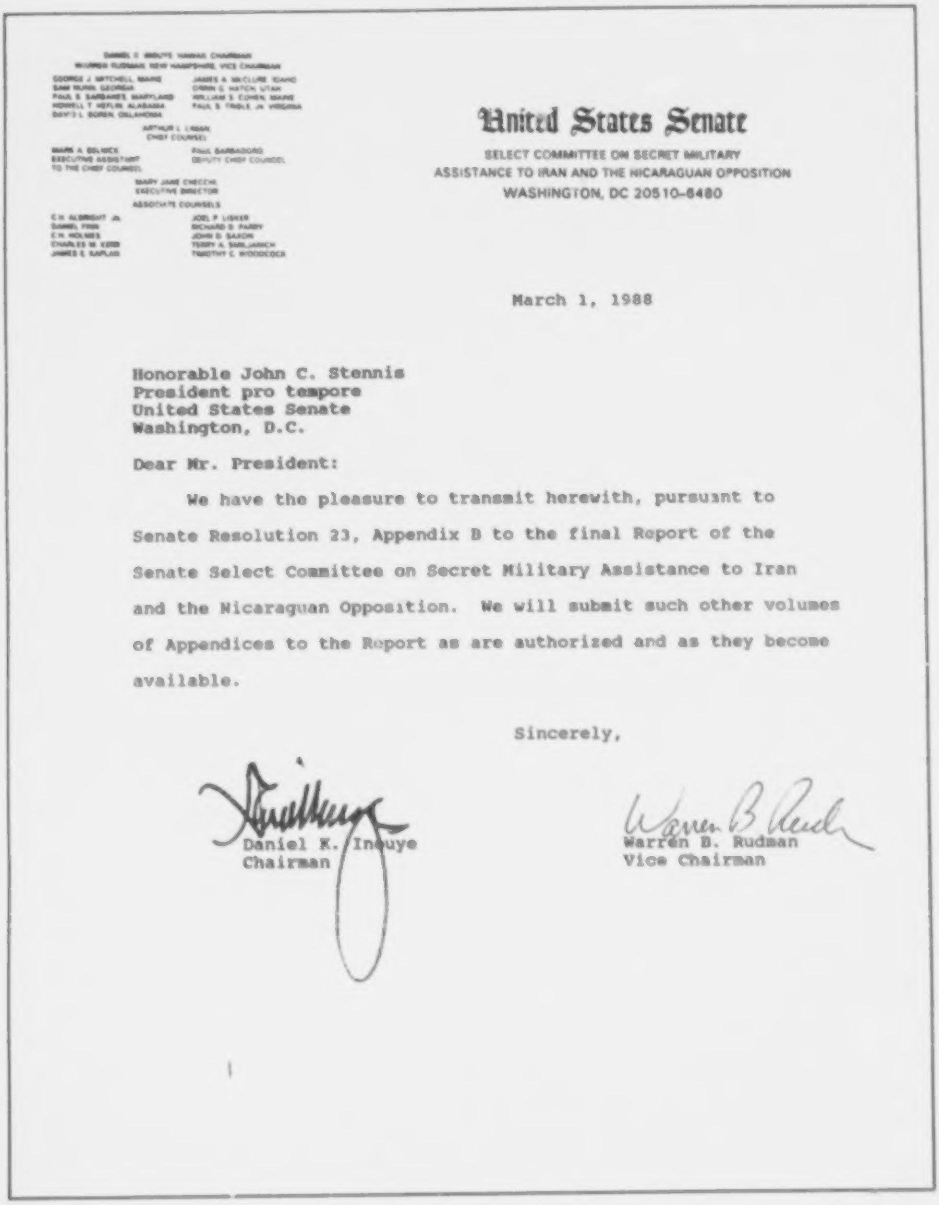
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



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United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Warren B. Rudman
Vice Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.
Appendix B: *Depositions*, 27 volumes, 1988.
Appendix C: *Chronology of Events*, 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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TRANSCRIPT OF PROCEEDINGS

UNITED STATES SENATE

#SDS-0084/87

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF THEODORE G. SHACKLEY

Partially Declassified/Released on 7 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

4159

Washington, D.C.

Tuesday, September 15, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF THEODORE G. SHACKLEY

Washington, D.C.
Tuesday,
September 15, 1987

Deposition of THEODORE G. SHACKLEY, called for examination at the offices of the Senate Select Committee, Suite 901, the Hart Senate Office Building, at 10:10 a.m. before DAVID L. HOFFMAN, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

CAMERON HOLMES, Esq.
Associate Counsel
TIMOTHY WOODCOCK, Esq.
United States Senate
  Select Committee on Secret
  Military Assistance to Iran
  and the Nicaraguan Opposition

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JACK MC KAY, Esq.
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.,
Washington, D.C.
On behalf of the Deponent

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PROCEEDINGS

(Shackley Deposition
Exhibits 1-5 identified.)

Whereupon,

THEODORE G. SHACKLEY

was called as a witness and, having been first duly sworn was examined and testified as follows:

EXAMINATION

BY MR. HOLMES:

Q Would you please state your name for the record.

A Theodore Shackley.

Q I understand you have a statement you would like to make.

A I would like to make a couple of points, as we start today's session.

The first point that I would like to make is that I have furnished no advice, funds or equipment to the contras, and I have not sold them anything, and I am convinced the committee knows that to be a fact, based on your questioning of other witnesses.

Secondly, on the topic of Iran, I have not been involved with the National Security Council or any other agency of the U.S. Government, in order to arrange direct or indirect sales, shipment or provision of arms to Iran.

In my view, the committee also knows that to be fact, based on the investigations conducted to date.

Thirdly, as you have undoubtedly read from my statements in the "Washington Post" and other places, I did have a meeting in November 1984 in Hamburg, Germany, with a Mr. Ghorbanifar. That meeting was attended by two other individuals. Emerging from that was a reference by Mr. Ghorbanifar, who was not known as an arms dealer at that time, but he had information on Americans in Lebanon. I took that information pertaining to the Americans in Lebanon, wrote a report, turned it into the State Department, to Ambassador Vernon Walters. I turned it into the State Department, because that is the agency of the U.S. Government that is responsible for Americans abroad who are in trouble. I subsequently heard from the Department through Mr. Montgomery, the Chief of the State INR, that they weren't interested in the data that I had furnished. That was in December 1984. I took no further action.

In May of 1985, I was asked by Mr. Ledeen,

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who then was a consultant to the National Security Council, if I had any ideas on what could be done for the hostages in Lebanon. I told him I had none.

I did tell him that I had previously written a paper which I turned in to the State Department. He asked me if he could see a copy of that paper, I would give him an update on whether that channel was still viable.

I did both of those things. I turned them over to Mr. Ledeen, and I never heard anything further on that matter, until such time as the press started questioning me about my contacts with Mr. Ghorbanifar.

Based on this sequence of events, my testimony to the Tower Commission and my discussions with Mr. Holmes and Mr. Polgar in February and March of 1987, I am perplexed as to why you have burdened me at this late date with a series of subpoenas so onerous in scope, they required me to spend over 215 hours of file searches and to make an appearance at today's session.

Put most simply, the questions, from my point of view, are: Why are you doing this? And what do you want?

These are not rhetorical questions born out of frustration and anger. The issue is one of fairness.

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In short, why is my business being put in jeopardy, and why am I being harassed for having, in my view, quite properly, reported to the State Department, information obtained by chance on American hostages in Lebanon. And I'm concerned, because, as you know, I'm also involved in a lawsuit in Florida which has been brought against me for what I think are vicious political reasons, and I'm trying to understand what this assault is on me, for what reason.

And Mr. Holmes, I would be specifically interested in hearing your response to those questions, so I understand why you called me down here.

Thank you.

Q Mr. Shackley, unfortunately, you have asked a question that is not appropriate for this forum for me to respond to.

I can tell you that the committee has legitimate interests in the facts that you have in your mind and in your files, and we intend to get those facts in a way that will protect you within the rules of the committee from unauthorized or inappropriate disclosure of that information in doing so.

A What does that mean? What are you saying, that you are not going to answer my question?

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Q This is your deposition, Mr. Shackley; it's not my deposition. You're here to answer questions.

A Why did you ask me to come down?

Q The committee has information that you do have firsthand knowledge of a number of areas and events that do directly relate to this investigation. It is simply a misconception, if I understand your statement correctly, that a person who has not sold arms to Iran or supplied arms to the contras doesn't have relevant information. As you may know from following the hearings, most of the witnesses would fall into neither of those categories. You are another witness. Whether you fail into either of those categories or not, simply doesn't mean that you don't have important information for us.

Your concerns about the Florida lawsuit are recognized, as our any witnesses' concerns about unauthorized disclosure of information. I've discussed those things with your attorney. I notice that you'd stamped everything that you've given us "Committee Sensitive," I presume, pursuant to those discussions. I can assure you that the rules of our committee, which we abide by religiously,protect you from unauthorized disclosures.

If you have additional concerns, for example, in the area of the Fifth Amendment, I might mention at this point that it's not the intention of this committee to replace your Fifth Amendment privilege with any order of immunity for your testimony. I assume that your attorney will be vigilant in reminding you of those rights, if any such situation would come up, but you do not have a Fifth Amendment privilege to fail to disclose information, simply because it may lead to your financial liability in a lawsuit, which I express no opinion on one way or the other. You bring me the concern of a lawsuit, and that's my response.

MR. MC KAY: We haven't raised any Fifth Amendment privilege questions.

MR. HOLMES: I understand. I am just seeking to catalog all the reasons why he might not want to answer questions. That doesn't appear to be one of them. You have never asserted the Fifth Amendment before.

THE WITNESS: No, I have not.

BY MR. HOLMES:

Q So what we are here to do today is to do what we had intended to do early in September, and that is to determine the completeness of the response to the various subpoenas that

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have been served on you in your personal capacity and also as representative of various corporations.

After we have done that and, obviously, since you have produced two boxes of records last yesterday afternoon, not leaving any time to examine them prior to your deposition this morning, catalog them and examine them and then determine whether or not we need to continue the deposition either this week or to postpone it until perhaps early next week, in order to question you on the documents themselves, if that is necessary.

I would like to know from you and your attorney what your schedules are in that regard, so we can aim at one or the other alternatives.

A Well, toward the latter part of this week, I have some appointments that I have to keep, so I'm basically not available on Friday of this week.

MR. MC KAY: I'm in depositions in New York and Mobile, Wednesday, Thursday and Friday. I'm here all next week.

MR. HOLMES: So next Monday would be the best day to resume.

MR. MC KAY: That's the best day for me, yes.

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MR. HOLMES: Let's aim at that.

BY MR. HOLMES:

Q I'd like to have you glance at these Exhibits 1 through 4.

(Documents handed to witness.)

MR. HOLMES: They are subpoenas. For the record, I will read off what the subpoena is, so we can associate a number with a name.

Exhibit No. 1 is to Theodore Shackley.

Exhibit No. 2 is to API Distributors.

Exhibit No. 3 is to System Services International.

And Exhibit No. 4 is to TGS International, Ltd. Although I note it's got a typo.

I assume that by producing TGS International documents, you were, in good faith, attempting to ignore that typo.

(Document handed to witness.)

THE WITNESS: There were five.

MR. MC KAY: There were five subpoenas. RAI, you don't have, which we did respond to.

THE WITNESS: The gentleman who came around and gave me subpoenas, gave me five.

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BY MR. HOLMES:

Q It is substantially identical to the others, except that it says RAI; correct?

A I think in some of the paragraphs, they were worded differently, but the substance of the materials, from looking at all these and trying to respond to it, they basically cover the same data.

Q The only difference is, the personal subpoena is different than the corporate subpoenas; correct?

MR. MC KAY: There is one difference, and I can't tell you which one. One of the subpoenas has different Paragraph 2. It's inconsequential, but one of them does not have the paragraph 2 that says "With regard to any activity undertaken personally or a consultant on materials required in No. 1 above."

That's missing.

MR. HOLMES: Did that cause any difference in your compliance?

MR. MC KAY: No.

THE WITNESS: If you take these five documents that were delivered, we have made a good faith search of my files relative to the totality of the information that seems to be conveyed, although the paragraphs are different, as Mr. McKay has pointed out in one or two of these.

BY MR. HOLMES:

Q Okay. With regard to each corporation, I would like to ask you what your official capacity is in that corporation and what has led to your designation by the corporation as the corporate representative for production of documents.

Start with API.

MR. MC KAY: Let me just state for the record which corporations he is designated for.

Those are TGS International and RAI.

We are not making any designation with respect to API or with respect to System Services International.

BY MR. HOLMES:

Q All right. Let's just start with API then. Since you are not the designee for API, could you explain to me what your role in API is?

A I don't have any role in API. You selected these. You sent them to me. I don't know why you sent them to me.

Q That's what I'm trying to discover.

What do you know of API?

A When I retired in August of 1979, I worked for API Distributors.

Q Who were the officers of the company at that time?

A As far as I know, Mr. Thomas Clines -- I don't really remember. I haven't done any work with them since, basically, 1980.

Q When did you retire, what date?

A I don't remember the exact date that I retired. It was the last day -- I think it was August 1979.

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Q And you went immediately to work for API?

A I went to work primarily for API. That was the main area.

Q Mr. Clines was?

A The president and owner of that particular company.

Q You had no equity?

A I was not a stockholder in that company, and I was not an officer in that company.

Q You were a consultant?

A Well, I worked as sort of a consultant, employee, office manager, trying to get the company off the ground.

Q Did you ever have any interest in API to be described as an interest in the equity of the company?

A No.

Q For example, did you ever loan them money? Did you ever loan them money?

A No, I never lent it money, and they never lent me money.

Q You never served on the board?

A No, I did not.

Q You were never an officer?

A I was not.

Q As to SSI, what is your relationship with SSI?

A SSI was another one of the companies that was owned by Mr. Clines. It was, basically, an inactive company.

Q You say it was inactive?

Q Basically, inactive. In other words, it was designed, originally, to be a trading company, securities systems. But my recollection of that period of time, I don't really remember anything of significance happening in that particular company.

Q You never received any money from it?

A No. I don't recall receiving any money. Maybe some expense funds for things that I did on their specific behalf, but I didn't see, as far as I can recall, no salary, no consultant fees.

Q You did do things on its behalf then?

A I think, yes. I had discussions with people to try to start various kinds of business activity, but it didn't go anywhere.

Q With whom did you have discussions on its behalf?

A I don't recall. For instance, there were things like we were trying to export rope to various countries. I think we tried to find sporting equipment manufactured overseas, and so forth, to be put into the U.S. market, but I don't have any real vivid recollection at this point in time. I mean, that stopped. I haven't been doing anything with that since 1980. This is 1987. I don't have any real --

Q So that would have been between August of '79 and sometime in 1980?

A No. I retired in August. I started in September. So September of 1979 to probably somewhere in about June or July of 1980. There may have been some administrative items that I was concerned with later, maybe particularly with API trying to collect funds, and so forth, for the company, but I don't recall any actions with SSI after, certainly, July of 1980.

Q Who were the other officers, if any, of SSI?

A I don't recall anybody except Mr. Clines. It was basically his company, and I don't have a list of the officers.

Q Let's move on to RAI.

What's your association with RAI?

A It's a company that I started.

Q When did you start it?

A It's in the corporate records. You've asked for corporate documents. The corporate documents are in there. It's probably sometime in 1980.

Q Who are the officers in RAI?

A The officers are myself, Mr. Donald Jameson and my wife, Hazel Shackley.

Q And the directors?

A The directors are myself, Donald Jameson and a Mr. Ledbetter.

Q Was there some corporate action that led to your designation to respond to the RAI subpoena, or did you just do that in your capacity as president?

A One of the subpoenas you gave me was for RAI.

Q Correct.

A I'm not sure I understand.

Q When a corporation gets a subpoena, the corporation decides who to designate. RAI, apparently, since you're here for RAI, decided to designate you.

A Yes.

Q Who made that decision?

A I did.

Q That's all I wanted.

A I didn't understand the question.

Q You didn't consult with any other people?

A No.

A Not really, no, because I got a barrel of these, and I just went to try to respond to them, to the best of my ability.

Q What is the business of RAI?

A RAI is essentially a risk analysis company.

Q Does it have certain specialties?

A We work primarily in the oil sector, not exclusively, but primarily.

Q Does it work in any particular part of the world?

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A It covers the oil producing countries of the world.

Q Does that mean that it specializes in the Middle East? Does it also do work, say, in the North Sea?

A Well, we monitor developments in the North Sea. For instance, we monitor what trends are, what production is, in that area, what fields are going to be worked over, and therefore, are being taken out of production, that has an effect on the market.

Q Do you have a regular clientele, or do you place your product on the market in some other fashion?

A I have primarily one client.

Q What business is this client in?

A Oil.

Q I assume you're talking about spot purchase and sale?

A It's a company that engages in oil trading, but it also has refinery interests.

Q Where's their refinery?

A Their refinery's in the United States.

Q And this client purchases oil on the world market from various sources, I assume?

A Yes. I'm trying to explain to you, the client is,

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first and foremost, an oil trader. That is, buying and selling oil, not necessarily related to the spot market. In some arrangements, oil is purchased on the basis of contracts or marketing agreements that the client may have with producing states.

That's one part of this business.

The other part of this business is, he also has a refinery. Now the refinery may not be able to use the crude that he's trading in. Therefore, he's got to buy other crude for the refinery. And so, you know, it's a multidimensional problem.

Q I understand. Is this the client that is based in the Bahamas?

A The Bahamas?

Q Yes.

A No.

Q Who is this client?

A The client is Trans-World Oil.

Q Is that sometimes known as TW Oil?

A Yes. There are various corporate entities. I don't know how many corporate entities they have, but my main contract is with Trans-World Oil New York.

Q Is that sometimes -- is there an affiliated company, that is known as Third World Oil also, TWI?

A I do not know of a company called Third World Oil. There is a company that they have that's called TW Oil.

Q There's at least two entities that you are aware of. One is Trans World and the other is TWI?

A Right. TW Oil.

Q They're not different words for the same corporation ?

A No, they're different corporations. The principal has a large holding company, and there's a chart I've seen, you know, of these various companies. For instance, I don't know if it's TW Oil or Trans-World Oil London, for example. There's a Trans-World Oil Paris. They have an office in Tokyo. They have an office in Singapore. But I don't know -- I mean, to me, it's TW Oil. I haven't paid that much attention to whether it's incorporated in Japan as Trans-World Oil or TW Oil.

I know of no company that I'm associated with by the name of Third World Oil. I think that was one of the questions that you put to me.

Q Right. Okay.

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Is RAI engaged in any other business besides what you call risk analysis?

A Well, as an adjunct to risk analysis, we do security work. We design security systems. We provide training for corporate security organizations.

Q Is that also in the oil business?

A Yes, primarily. I don't recall having done a project for anybody who's not oil-related.

Q Are there additional lines of work that RAI does?

A The other thing that we're involved in is VIP protection.

Q How does that business operate?

A It's a problem of making an assessment of what kind of threat there is to a corporate executive or his family or his property, then providing a security envelope that's response to that potential threat. That could include putting in a security system at an estate, having VIP bodyguard type individuals travel with the executive as they move about.

Q Do you actually provide the people to do that?

A Yes, I do. Not in all cases, but --

Q I assume that in providing that kind of individual, you have -- what do you call it -- a network, a group of

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people you would call on for that kind of service?

A Depending on what it is. For instance, if it's an individual who is going to manage one of these programs when it's established, I may go out and look in the market and do a talent search, till I find somebody who I believe is responsive and capable of doing that particular job.

Q And you would keep records that would reflect past talent searches, in order to help you with possible future talent searches?

A I have some resumes, yes. I keep some resumes on file.

Q Are there other businesses of RAI, other lines of work that you do?

A No. It's all -- you know. I should have brought you a copy of my article on risk analysis, because I do what is a full service company in risk analysis. Some people may say -- and I have a situation where a client says, "I'm interested in acquiring some property. Please go out and take a look at that property."

That may be property that the client wants to acquire for personal reasons. It may be property that they want to acquire for corporate reasons, but I've gone out and

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found property, but that's all under the rubric of risk analysis. I don't want you coming back to me later and saying that I wasn't giving you a fulsome answer, but I am trying to show you what risk analysis is. It's trying to provide people with information relative to their busienss.

Q Actually, what I was thinking of in the back of my mind was, I thought that you had told me in a previous interview, you also sold oil drilling equipment through RAI.

A Not under RAI. I think you've got that confused.

Q I'm sorry. That was another corporation?

A Yes. API was in the oil field equipment business and was attempting to sell primarily valves and flanges used in the oil industry. The primary market at that time was Mexico and the state enterprise known as Pemex.

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Q What period of time was this oil equipment business being conducted by API?

A My involvement was when I started in September of 1979 until, basically, I stopped in July of 1980, although I think after July of 1980, there may have been still some bills that we were pursuing to get collected. I remember a long hassle with the Pemex office in Paris. It took a long time to get paid. That's one of the reasons why that was

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a successful business.

I'll go back to API, so that you can understand this. The valve and flange business, there was a large market in Mexico, when the Mexican oil industry was expanding, all right? But the way the Mexican oil industry was run, what we did on these valve and flange orders, a small company like API would generally only be in a situation to obtain contracts under $1 million.

The other thing was, Pemex was using a computer system to take off of everybody's bid list what might be considered your loss leader, all right? So your smaller profit item on your list would be picked up by Pemex. If I had found a producer, let's say, in Italy or somewhere, who could make it for a dollar cheaper, that was one problem. Two, you couldn't get the volume. Three, Pemex was notoriously slow in paying. In other words, they never paid on delivery. And the fourth dilemma was that at that time, the dollar-peso ratio was declining. So, in other words, you were losing money the longer your money was out, because the peso was being devalued. So when you took this conglomerate of these things, despite the fact that you could sell, you couldn't make any money, and it took me that long to figure that out.

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Now, you know, you might have found it out quicker, but that's how long it took me to figure it out from September 1979 to, roughly, July, but there were some loose ends that had to be cleaned up after that, and I think I did clean those up after that, although I was not involved.

Q What other people were involved in the Pemex oil business that you're aware of?

MR. MC KAY: You mean with him, with respect to API or just in general in the world?

MR. HOLMES: Let's start with API and go from there.

THE WITNESS: Other people that were involved. There's a gentleman by the name of Richard Finney.

BY MR. HOLMES:

Q Anybody else?

A Yes. Ricardo Chavez. He was in Mexico.

Q Were they operating for API in their Pemex dealings?

A Yes. And the other individual involved was Quintero.

Q Rafael Quintero?

A Right.

Q How were they capitalized?

MR. MC KAY: I'm sorry. How was who capitalized?

BY MR. HOLMES:

Q How were these people capitalized in their dealings with Pemex for API?

A You're going to have to state that question some other way, because I'm not sure what you're asking.

Q Do you know anything about where they got their money to do any of these deals?

A API had some funds. Mr. Clines had put funds into the company. When you issued what was, in effect, a bid in response to a request for a proposal, Pemex periodically would put out requests for equipment, a bid. Once you got on the Pemex list, you automatically got a receipt of whatever they were looking for at a particular point in time. So, let's say, once every month, once every six weeks, once every eight weeks, depending on what their needs were and what their forecast needs were, Pemex would issue a request for proposal. You would then see what they were looking for, and you had a deadline within which to bid.

So then you would go out to your suppliers and get bids from them, and they put the package together, and if you actually had to buy, then you had to provide the funds, and you got the award.

Q And the funds that Messrs. Finney, Chavez and Quintero would rely on in making those bids were API funds?

A Were API funds.

Q Was there any subsidiary or budget unit of API that was designated as the profit center for this particular operation?

A No.

Q It was an activity of API?

A This was API; yes.

Q Are you aware of any loans that were ever made to Finney, Chavez or Quintero in relation to the Mexican oil industry?

A I'm not aware of any loans that were made to Mr. Finney, and I'm not aware of any for Chavez and Quintero, but I would have have less knowledge of that.

Q Did you ever arrange connections or contacts for Quintero, whereby he was supposed to get a loan for his activities?

A I have no memory of anything like that.

Q Have we gotten to the bottom of the well on

RAI's business activities.

A As far as I know.

MR. HOLMES: Now you produced a handsome box of records to us in response to the RAI subpoena.

I am going to ask the court reporter to make this entire box Exhibit No. 6.

(Shackley Deposition Exhibit 6 identified.)

BY MR.HOLMES:

Q Mr. Shackley, I'm showing you what's marked now as Exhibit No. 6, the box. Let me ask you, just in general, if you have subdivided these folders which you have provided into subdivisions, in accordance with the subpoena.

Is that the significance of this one here that says "Appendix 1, Paragraph 3"?

A That's a division, to the best of our knowledge, in response to this, because in some of these areas, they overlap. That's the way we felt we were responding.

Q So would it be fair for me to infer from that that you personally have gone through the records of RAI and that what is in Exhibit No. 6, the box, is everything that, in your opinion, responded to each of these sections of the subpoena?

A No. That's not correct.

Q Let's hone that down, because I understand from the letter, which is Exhibit No. 5, that there are some rough edges, and that's what I want to get at now.

A First of all, I had a search made of RAI files by one of my employees in response to that list.

Q Who was that employee?

A Mrs. Keating.

Q You did not make a search personally of the RAI files?

A I did not go through each file. I gave her the list. She's the one who works with the files on a daily basis. I then looked at the material which she produced, provided, checked it against my memory to see if there's anything I could think of that was not there. And that's the way the work was put together.

Q So it would not be accurate to see that you only went on what Mrs. Keating produced, because you also inventoried your own memory to make sure that her production was complete?

A And on the financial material, and so forth,

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Mrs. Shackley, my daughter also went through this. You know, I'm a small company. I'm a family-oriented company. My wife works, my daughter also works there. They also went through corporate records, financial activity, which is what they deal with on a regular day-to-day basis. For instance, like there, our W-2s attached there. I didn't go to the W-2 files for the various years and pulled them out, personally. That was done by Mrs. Shackley. The computer run and the financial statement, I think, was done by my daughter.

Q Let me break down what we're talking about into littler bits as to what's in the box. It's your testimony that you don't remember, having compared your memory with each paragraph of the subpoena, anything that should have or would have been in RIA files that is not brought forward into this box, Exhibit 6?

A I guess I'm not making myself clear.

MR. MC KAY: The other caveat obviously is, it's not in my letter.

MR. HOLMES: That's the next caveat, okay?

BY MR. HOLMES:

Q The next caveat is that, as you have stated

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through your attorney in what is Exhibit 5, the letter, there are certain categories of things that you have not placed in the box, pursuant to some concerns that you and your attorney have; is that accurate?

A That's correct.

Q Let's get to those categories, so that we can complete that issue here. Then we'll simply duplicate it. We'll duplicate it for TGS, I assume. Well, let me ask this question now, so that we can do it all at once.

You followed the same procedures and exhibited the same concerns with TGS?

A Yes, but different people were involved. In other words, the file search was made by a different person. There's a main file search. On that one, the financial records and stuff were done primarily by Mrs. Shackley.

I reviewed that material that was provided, looked against the subpoena, tried to see if there was anything I thought had been missing that I could think of.

MR. MC KAY: One second.

(Counsel conferred with witness.)

THE WITNESS: I'm trying to convey to you that a lot of this material, you know, stacks were brought in,

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and someone would say, "Hey, look, here's a file. Like on the Kuwait project. "When did we do this project." On TGS, you know, we excluded certain categories of projects that were discussed with you.

BY MR. HOLMES:

Q Now I want to get into what's excluded, so that the record will accurately reflect what's here and what's not here, so that we'll have that information.

Could you go into that now, for the purposes of -- I'll ask you which is easier for you. Would it be easier for you to deal with it with RAI and TGS together or separately?

A I think we have to deal with that separately, because the issues are different.

Q Let's start with RAI and tell me about what's not here pursuant to the subpoena.

MR. MC KAY: Let me just state that we tried in the attachment to the letter to detail what's not here. I think the best thing he can do is to go back to the letter and tell you what's there, because we worked in trying to list everything here. I don't know the purpose of trying to get it from his memory, because you may not get as accurate a list.

MR. HOLMES: Thanks. Maybe it would save time.

BY MR. HOLMES:

Q Mr. Shackley, you're looking at what's marked Exhibit No. 5, the letter and its attachment. Have you seen that letter and its attachement before?

A Yes.

Q It was prepared by you and with your knowledge?

A Yes.

Q And it's accurate and describes truly what you did and what you included and what you didn't include?

A That's correct.

Q Fine. We don't have to go through it orally.

Does that letter -- I didn't recall whether it split out RAI and TGS.

A It deals with -- here, for instance, it deals with both of them.

(A pause.)

I can't find what I'm looking for. Where's the paragraph here? No.

(Counsel conferred with witness.)

MR. MC KAY: The question is whether the

letter or the attachment treats both companies.

THE WITNESS: The answer is yes, we're trying to respond for both companies.

BY MR. HOLMES:

Q At once?

A Right. In the same letter.

Q Let's move on then to TGS.

Could you describe your business at TGS and your affiliation with it?

A TGS is primarily a logistics problem-solving company.

Q Could you explain to me what that means?

A We have done several things. We have been involved with modular storage equipment. We have a relationship with the Stanley Vidmer Company, which makes modular storage equipment. The rule of thumb, basically, is if you take a warehouse and you have open shelving in it, you can reduce the floor space in that warehouse by 50 percent by going from open storage shelving to modular storage shelving. That's the kind of thing that we have been working on as our primary activity.

Q What other activities does the organization have?

A We have worked on local construction in the Washington Metropolitan Area, primarily, home remodeling kind of activities. I think we remodeled one small warehouse also, in the course of this activity.

Q Do you do that with your own employees, or is that subcontracted to other contractors?

A We have done that, basically, with our own employees, but we have closed that out.

When we were doing that -- let me answer your question. When we were doing that, we were doing it, basically, with our own employees, but we have closed that activity out.

Q How many homes did you remodel?

A I don't know. I would have to go look at the records. I think we did that around here for maybe about a year.

Q Approximately how many homes?

A I have no idea. I really couldn't just dredge it out of my memory. It's in the files. But it's putting in patios, porches, enclosing opened garages to closed garages, upgrading. I have no idea. It's a very modest

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number.

Q And each one of those homes would be reflected in the TGS file?

A The volume of business would be reflected; yes.

Q But not the owner of the home?

A No.

Q No invoices?

A I don't think an individual breakdown; no. The individual invoices for each individual job that we did is not in that, I don't think. I don't recall it.

MR. MC KAY: The only way it would be there is if it related to one of the named individuals, because there wouldn't be anything that asked for TGS's. As I read the subpoena, it is a description of his line of business. If there was anybody on the list, or the named individuals for whom there was any work, that would have been produced. I don't think it was.

(A pause.)

MR. HOLMES: I read Attachment a to read "Provision of any service." Remodeling is a service.

THE WITNESS: Well, it's reflected in our financial reports, and so forth, but not breakdown by

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any individual project. "Enclose the garage at 1011-5th Street" or something like that.

MR. HOLMES: I interpret the subpoena to require that kind of invoice or whatever you call it, a contract.

MR. MC KAY: If you interpreted the subpoena that way, that would mean every document that the company ever, because its business is providing services. It would be every business deal the corporation ever had.

MR. HOLMES: I'm only talking about a very modest number of homes.

MR. MC KAY: You gave us a list of 50 or 60 individuals, and we responded with respect to those. I assume that those are the individuals that the committee is concerned with, and not that Mary Smith had her garage enclosed by TGS at some point. I didn't interpret it to mean every service provided by anybody or to anybody, and we have not produced every garage contract or whatever. In fact, we haven't produced any of those contracts, because I did not interpret it that way. If there was anything for any of the 50 or 60 named individuals or 50 or 60 named companies, that has been produced.

BY MR. HOLMES:

Q Do any of these modifications involve electronics?

A No.

Q You're talking strictly nonelectronic?

A I mean -- look, if you put in -- in some place, I think we may have put in a garage door. Is that electronic, because you have a door that electrically raises, you know? No. I think we did put in some doors in the course of these -- making these modifications.

Q All right.

A I mean, if you're asking, did that include installation with these modifications in these houses of security systems -- is that what you're saying?

Q That was what was on my mind, yes.

A No. We did not put in any security systems.

Q Other than the modular storage and local construction, does TGS engage in other lines of business?

A Yes. At times we have been involved in food brokerage.

Q From whom to whom?

A We bought food, as an example,

Q Have you ever brokered food originating in Iran?

A No, I have not brokered any food. We have had some correspondence, and the files are in there, with two Iranian entities. One was on Iranian caviar, and nothing ever came of that. We couldn't find a market for it. And the other one was an exchange of telex correspondence in an attempt to see if food supplies, various canned foods and so forth, could be produced and sent to Iran. Nothing came of that.

Q What were the approximate dates of these two potential --

A Can I look at the files? I mean, they're in the files.

Q Sure.

MR. HOLMES: At this point, why don't we mark the second box, Exhibit No. 7.

(Shackley Deposition Exhibit 7 identified.)

THE WITNESS: There's a file in here called GTC, Government Trading Corporation.

BY MR. HOLMES:

Q That relates to food brokerage; is that right?

A Yes. This was GTC, Government Trading Corporation. There was a telex sent.

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Q What is GTC?

A It's called --

Q I'm asking you --

A -- Government Trading Corporation.

Q It's a corporation?

A It's an Iranian corporation. It's what I understand to be Government Trading Corporation. That's their initials.

Q Is it a government corporation, or is it a group of Iranians calling themselves GTC?

A They buy for the Iranian government. As far as I know, it's a governmental trading company, an Iranian governmental trading company.

Q Who are the principals of GTC?

A I have no idea.

Q Who did you deal with?

A One of my associates, Mr. Monaga, sent a telex here to the managing director of the company. I'll spell his name for you. M-o-v-a-h-e-di-z-a-d-e-h.

Q And nothing came of this?

A No; nothing came of it.

Q Are there other lines of business that TGS is

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engaged in?

A Okay. The food brokerage. I've covered those with you; right?

All right. We have looked at various items that are connected with logistics problem-solving. We have looked at trying to get furniture requirements to Saudi Arabia, as an example, for large projects. I think there's correspondence in here on several such attempts, transactions.

At various times we've looked at various kinds of airplane transactions.

Q Do any of those airplane transactions that you've looked at, whether you've completed or not, involve either a military style airplane or a transport style airplane?

A No. Well, I don't know. What do you consider a 747? We tried to look for 747s in the United States that would be bought by an Italian company for use in China.

Q For use as transport planes in China?

A I don't know. The Chinese had not made up their mind how they wanted them configured. They were looking at various configurations. In other words, that was one thing that caused the deal not to go anywhere. The Chinese were looking at one configuration to have the airplane passenger. Another configuration was to split the airplane, to have it passenger and cargo. Another configuration was to make the airplane completely cargo. Let's say, at some point in time, which I think is prior to the time of the subpoena, I think we may have looked at other airplanes, the Buffalo airplane out of Canada.

Q Is that Buffalo related to the Caravan?

A It's that type of an airplane. It's probably a civilian version of something like the C-123, C-130.

Q Who were the principals involved in that potential deal?

A Let's see, I think that was -- I think that might have been Honduras. I'd have to check the files.

Q They were the buyer, I assume?

A Yes. They were the buyer.

Q And you were dealing with a manufacturer in Canada?

A Yes. The manufacturer. I've forgotten the name of the company who makes those.

Q DeHavilland makes the Caribou.

A This was DeHavilland. It's the same company, deHavilland, because one of the people went up to talk to them.

Q Why did deHavilland need somebody to broker a sale, since they're the manufacturer?

A You know, a lot depends on the market, some of these markets, where they are only selling one off airplane, they're not pursuing those markets. They're looking, you know, they're concentrating on the market where they can sell four, five, six airplanes. If you come in with sort of a one-off arrangement to the manufacturer, they frequently are interested.

So you're looking for that unusual opportunity or opening.

Q When was this discussion or series of discussions?

A That was prior to 1982 but I don't remember whether that was in '81 or '80. I would have to go into the files. I'm so tired of looking at files. I've been working on this so long, you know, that, frankly, I'm exhausted, and I'm having trouble recalling some of these.

Q Let's get away from files a little bit then.

We have before us in Exhibits 6 and 7, the records of TGS and RAI responsive to the subpoena, with the exception of records described in Exhibit No. 5, the letter; is that right?

A Yes.

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MR. MC KAY: That's correct.

BY MR. HOLMES:

Q Now I'd like to know whether you, Mr. Shackley, personally, have access to records,in addition to those in 6 and 7, other that what's described in 5, that would be responsive to your personal subpoena.

MR. MC KAY: The subpoena to Mr. Shackley asked him to produce, with regard to API, SSI, TGS and Research Associates International, all materials relating to.

Are you asking him if he has documents regarding those four entities,that are not produced?

(Document handed to counsel.)

MR. HOLMES: That's certainly subsumed in my question, but you'll notice that's only one category out of a total of five categories. Category number 3 is very inclusive, because it includes the appendix. So those qualifications only apply to category number one out of five. If you would like to answer one category at a time, I'll take his answer like that.

MR. MC KAY: Let us confirm that.

(Counsel conferred with witness.)

MR. MC KAY: Why don't you take it a category at a

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time, and he'll tell you what he did.

BY MR. HOLMES:

Q Okay, Mr. Shackley, you're looking at the Shackley subpoena. I guess it's Exhibit No. 1.

Now, with regard to subpart number 1 on Attachment A, you've just answered that you don't have anything else in your personal capacity that relates to that category, other than what's either in these two boxes in front of us or excepted from the boxes by the letter.

A Yeah. You're looking at one, API Distributor System Services.

Q Just so that we're clear on this, you have said that the reason that you haven't produced anything with regard to API or SSI is that you have no obligation to do so, not being an officer or affiliated with those corporations.

MR. MC KAY: We didn't interpret it that narrowly.

BY MR. HOLMES:

Q But if you had records belonging to or relating to those companies in your files, they would be called for under this subpoena in your personal capacity. You understand --

A Well, let me try to answer this another way. The records of those companies I do not have.

Q That's what I wanted to know.

A So we can boil that down, I think, to the essential, I don't have the records of those companies. Those records, the last I know of them, were in Mr. Clines' possession.

Q Before we go further on the description of compliance with the subpoena, get a little bit into what "have" means. You understand that "have" includes have access to or control over through any agent, attorney, your wife, friend, a safe deposit box, a storage facility of any kind.

A Uh-huh.

Q Anything like that, any control like that would still be sufficient control for you to be obliged to produce it.

You understand that?

A I understand that.

Q I just didn't want to be talking past you on this and you know, I haven't got it. Good.

A Let me just make sure that you understand what I'm saying. The last time I saw those records, the corporate

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records of API Distributors, you know, Systems Services International, they were in Mr. Clines' possession. They were given to him. They were his records. They belonged to a corporation that he owned.

Q When was the last time that you saw those records?

A I would say I moved up to my current office location in, I think, in January of 1982, and that's sometime prior to 1981, would have been the last time that I would have seen any of those records.

Q All right. While we're on that, while that subject is on the table, let me clarify another aspect of subpoenas. If you have, in the broad sense, records when a subpoena is served and you divest yourself of control of documents after the subpoena is served, that doesn't avoid your obligation to produce those records.

You understand that, I'm sure.

A Yes.

Q I just didn't want to miss that possibility.

All right. With regard to subpart number 2 of your personal subpoena, Exhibit 1, do you have any such documents, in the broad sense of "have," we just discussed?

MR. MC KAY: That we haven't produced or that are not

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covered by the letter.

MR. HOLMES: Certainly.

THE WITNESS: No. I think we've covered everything, as far as I can see. I don't really even know what you're saying here. In other words, on 2, do I have any documents on -- I may have a newspaper clipping or something. I don't know.

MR. MC KAY: He's asking about personal files.

THE WITNESS: Personal files? No.

BY MR. HOLMES:

Q The reason this comes up, Mr. Shackley, is that you've come forward in response to five subpoenas with two boxes of records, each box identified to a particular corporation.

A Uh-huh.

Q As to the other two corporations, you say, no proper service really. You're asking the wrong guy.

MR. MC KAY: I don't think we're saying that at all. We're saying he doesn't have any documents. That's what my letter says.

MR. HOLMES: That's those two corporations. Then we have these two corporations, Exhibit 6 and 7. And what I'm pointing out is, that you have a totally independent personal obligation under your personal subpoena to produce any documents, whether it has to do with these corporations or not, or in your capacity as a corporate officer or not, simply because you have control of documents described by the subpoena. I am confident that you understood that, but I'm making it clear that I'm asking for documents under the personal subpoena now and not under either or any of the four corporate subpoenas.

THE WITNESS: I told you I don't have the documents.

BY MR. HOLMES:

Q Let me reask the question.

A Am I missing something?

Q That's what I'm trying to find out.

A I'm not following you, because, for instance, I don't have any files. I've told you I don't have any files for API. I don't have any for SSI. The files that are pertinent in relationship to these subpoenas that deal with our RAI, TGS and my business with those companies have been produced.

Q And if we assume that to be the case, which we do at this point, the same inquiry is, do you have, in any personal capacity or any control whatsoever over any documents described in 2 through 5 of your personal subpoena, which are not limited to those four corporations named?

A No, I don't. Citizens Held Hostage. Everything that's Citizens Held Hostage is in the RAI files. Going down this thing, I don't have any Assistance to Nicaragua. I've told you that.

Q Not exactly, Mr. Shackley. And I don't want to be inordinately technical, but if I understand what you're saying, it's not exactly what the subpoena asks you for. You have said in your opening statement that you didn't supply anything to Nicaragua, but that's not what this subpoena asks for. It asks for any documents relating to anybody's doing any of these things, you or anybody else in the world.

A I don't have anything on anybody doing anything in Nicaragua, which are documents.

MR. MC KAY: That's not produced?

THE WITNESS: That's not produced.

I've written a book on guerrilla warfare. Maybe

I've got some newspaper clippings, but that's not applicable.

BY MR. HOLMES:

Q Well, it would be applicable, but I'm willing to concede that your book and your newspaper clippings are not something that we want.

MR. MC KAY: He's asking -- for instance, I suppose if you had a letter at home in your files relating to selling food to Iran, because it's one of the countries.

THE WITNESS: No, I don't.

MR. MC KAY: He's asking if you have anything, just because it's not in the corporate files -- he's trying to make sure that we produced anything in your personal files.

THE WITNESS: I have nothing on this attachment 1. I have nothing on any of these people. I have nothing on any of these corporations. I told him that I corresponded with CIA on clearing articles that I published. I think I've published some articles since 1982, which stated that -- you know, I don't have it.

BY MR. HOLMES:

Q In particular, drawing your attention to subsection 3, it's your testimony that you've gone down the

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whole appendix in its various parts, and you have nothing relating to any of those individuals of entities, other than what's in these boxes.

It just strikes me --

MR. MC KAY: You've got a time frame, first of all.

BY MR. HOLMES:

Q Yes. Within the time frame.

A January 1982. For instance, on the lawsuit --

MR. MC KAY: That's described in the letter.

THE WITNESS: That's in the letter.

MR. MC KAY: But again, he's asking if it's not in a file back at TGS or RAI that's a corporate file, have you got a document in some other file that's about Amiram Nir or any of these people?

THE WITNESS: No, I don't have a file on ~~Amron Noer~~ Amiram Nir or any of these people, any of these entities.

BY MR. HOLMES:

Q Or any of these entities? Any of these people or entities described in the appendix at all?

A No.

Q You have a remarkably file-free life.

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A Why would I have it?

MR. MC KAY: On the contrary, he's got lots of files. That was one of the problems.

BY MR. HOLMES:

Q Let me explore with you, apart from the subpoena production, your relationship with some individuals that have importance to our investigation.

I will clarify for you that when I ask questions apart from the subpoena, I am not limiting my question to 1982 or any wording in the subpoena. We're just talking strictly the question of -- the question you hear is the question I'm asking, unfiltered through the subpoenas.

MR. MC KAY: I would interpose an objection at the time it comes up. I don't even want to know why the committee is interested back to '82, but if we are going to go back into the '70s, I really have a serious relevance question about what it has to do with what the committee's investigating.

MR. HOLMES: If there's a problem with a particular question, let me know. It seems perfectly clear to me, for example, if I ask about a relationship with Secord, and it predates 1982, then that's relevant.

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MR. MC KAY: We'll take care of it when it comes up.

BY MR. HOLMES:

Q I'd like to begin, Mr. Shackley, by asking you about your past dealings with various principals in the investigation. I'd like to start with Mr. Hakim, Albert Hakim.

Have you met Mr. Hakim?

A Yes. I've met Mr. Hakim.

Q When did you first meet him?

A I don't remember. It was when I was still in the Agency.

Q What were the circumstances of your meeting?

A Let's see. If I'm not mistaken, Ed Wilson introduced me to him.

Q Where?

A In a Washington restaurant.

Q What was the occasion?

A Hakim was introduced to me as an individual who was knowledgeable about current developments in Iran.

Q What time period are we taking about?

A I don't remember what year that was. It could be --

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MR. MC KAY: I don't want you to guess. Before 1979, obviously.

THE WITNESS: We're talking back a long period of time. It could have been --

BY MR. HOLMES:

Q Maybe if you could place the events that he was supposed to be knowledgeable about.

A It was the conditions in Iran.

Q The imminent fall of the Shah, perhaps?

A No. Let me just see what it was.

(A pause.)

No. Maybe 1976, 1977. Somewhere in that period, but I can't really pin it down, and look --

Q If you need to qualify an answer like that, that's no problem at all.

A I can't pin it down.

Q I just want to know whether we're talking about 1965.

A No, no. I can't pin it down. But I'm sure, if you're interested, you can find the records and names.

Q Was anybody else present at the meeting?

A I don't recall at this time. I mean, I remember meeting Hakim. I remember having lunch with him. I remember writing up a report on it.

Q Your meeting was reported to the CIA, then?

A Yes.

Q Through what channels would that have occurred?

A I don't know, the CIA. I came back, I wrote a memorandum and put it, you know, the normal distribution mechanism. I probably sent it to the Geographic Area Division for them to look at and to take any action that's appropriate.

Q Were you recommending any action?

A No. I reported what had been told to me and what I recall of the sequence of events. The people in Iran came back and said they weren't interested. They had better contacts, and that was the end of it.

Q Weren't interested in what?

A Weren't interested in his contacts, the contacts that he had in Iran.

Q The idea was that Hakim would be willing to supply information to the CIA on developments in Iran?

A No. I met him. He talked about his circumstances in Iran. I asked him who he knew, what kind of business he was in, and so forth. I simply took note of all of that and tried to access what utility that could be. I put it into the Geographic Area Component. They came back in a short period of time and said they weren't interested, and that's where it dropped.

Q I'm still missing what they weren't interested in. They weren't interested in knowing anything that Hakim knew?

A No. They weren't interested in pursuing it, in other words.

Q "Pursuing it" would mean developing Hakim as a reporting source?

A Or getting him to introduce them to a particular individual that he might have known in Iran, so they could develop that individual.

In other words, they simply felt that they had that sector covered, and I simply let it drop.

Q What relationship did Wilson have with Hakim at that time?

A They were in some sort of business together.

Q Do you know what business it was?

A No. I know they were in business or had done some business, but I don't recall. I know Hakim has said since then, I've heard him say, you know, I can't pin it down, what year, what date, but I know that he sued Wilson over something in this dispute that they had. So I know they were in business together.

Q In your recommendations, did you recommend any particular person or type of individual to try and operate through developing Hakim's information?

A I have no recollection of that.

All I recall is a meeting, writing it up, turning it in. Nothing came of it. I accepted the judgments that were exercised by the people at that time. They said they weren't interested in pursuing it, and I let it drop.

Q Had you known of Hakim before?

A No.

Q You never heard his name?

A No. I think probably the way this occurred was, you know -- "I'd like you to meet an interesting guy or have lunch with an interesting guy who has something to do with Iran. Why don't you come around and talk to him?"

Q And since that time, when was your next contact with Hakim or Hakim's name?

A I don't have -- sometime probably in 1980, after I retired, is when I next remember seeing him or meeting him.

Q You haven't heard of him in the meantime?

A I don't recall any, you know, conversations about him. He certainly was not on any kind of thing that I was concerned about. I just don't have any memory of him. I remember meeting him once. I have no memory of the man until after I retired.

Q What is your next memory of him?

A My next memory of him is after I retired. As I recall, he called me up in Washington and said he was in town and would like to get together.

Q Did you meet with him?

A Yes, I did.

Q Was anybody else there?

A I don't recall.

Q That was like another restaurant type meeting?

A Yes. It was just a matter of getting acquainted. "I understand you're retired. What are you doing?"

Q Did he tell you what kind of businesses he was involved with?

A I think at that time, he was primarily interested in the electronics business.

Q Did he tell you what his electronics business might have that might be of interest to you?

A I don't recall at that time that coming up, because I had a brief meeting, and this is many years ago. I don't recall that. At some later point, yes, I knew he had a company called Stanford Technology. I don't think that came up at this thing. I don't remember that.

Q I don't want to presume something in the meeting that wasn't there, but it seems like if the guy was going to call you to get acquainted, you would come away from the meeting with some idea of what it was that he thought would be of mutual benefit to you too.

A He's a guy who likes to be in touch with a lot of people. He's always looking at business opportunities, and you know, I told him what I was doing at that particular time. I was concentrating on the oil field equipment business, API Distributors, looking at the Mexican market.

Q Would it be fair that your assessment of the meeting was that you were simply exchanging knowledge of each other's whereabouts and abilities for future possible reference?

A I don't think it was for any future possible reference. It was just get acquainted, what are you doing? And what are you up to? That's all. I can't read anything else into it. I don't have any other memory of it. I just remember meeting him and having a chat with him.

Q When did you next hear of him?

A I next heard of him after -- sometime after the Iran-Iraq War broke out. The Iran-Iraq War started in September 1980.

Q So your second meeting with him would have been after September of '79 and before September of '80?

A Probably somewhere in that time frame. I remember sort of meeting him and then again after the Iran-Iraq War broke out.

Q How did this meeting occur?

A I think he was in Washington and simply called me up on the telephone. That's my memory of it.

Q And there was a meeting?

A Yes, there was a meeting.

Q Who else was present?

A I don't recall anybody else being present.

Q What was the purpose of this meeting?

A He was interested in the Iran-Iraq War.

Q What was his interest?

A His interest was essentially in monitoring developments in that war.

Like a lot of people. When the war started in September 1980, it was believed that it was going to be a very short war. A lot of people were out monitoring developments in the war, particularly monitoring what was happening to industrial activity in Iran.

Q Meaning the degree of destruction of the industrial base?

A Right. One thing, as an example, that a lot of people were interested in, I remember Hakim was also interested in it, was the Abadan Refinery. The thought at that time was, that if the war was short and you could figure out how much damage was done, you could go in quickly and put together a proposal for the repair of that refinery and put it back into operation. And as I was working in oil field equipment-related areas and activities, and we were talking about the war and the oil business, I was also, at this point in time, pretty well convinced that the oil-field equipment wasn't going to go anywhere. I was going to go off and do something. I primarily had made up my mind I was going to work in the risk analysis arena.

So that is the kind of conversation we had.

Q At this point, I gather, your mutual benefit is sort of more clear, since you are in the oil equipment business, and he's thinking about the sale of oil equipment to Iran, after the war is over.

Was that the gist of the conversation?

A No. I think you're trying to read into all of these, you know, much more than there is. People meet. They simply discuss things, and it doesn't necessarily have to be any future content to one of these discussions. I mean, there's not a commitment. I'll meet you for lunch today, and we're going to do a deal six months from now.

Q Oh, well, no. I didn't mean to imply a commitment or anything like that. It's just that you would be an obvious guy to get together with, now that he's thinking about the Abadan refinery.

A Well, he was interested in monitoring the war and that aspect of it.

Q Did he want you to do anything in particular in relation to monitoring, like provide what you were thinking of getting involved with, risk analysis?

A No. I don't think at that particular point in time, but somewhere after the war had been on for a while, and I had gone ahead and gotten into the risk analysis business, I did talk to Hakim about monitoring the war for him, and I did enter into a relationship with him, where I did provide him with reports on the war and on general tends in the Middle East.

Q When did that begin, approximately?

A Maybe 19 -- let's see. The war started in 1980. It was probably sometime in 1981, the best I can recall.

Q Was there a contract memorializing that understanding, or did you simply begin selling the risk analysis services?

A I think we had discussions of various art forms under which we could cooperate, but what we finally worked out was that I was paid a retainer, so much per month. I think there are some invoices in the files.

Q That would be the retainer, plus office expenses, plus travel expenses, plus secretarial?

A Well, no. It was essentially a retainer fee. If I traveled, you know, I was reimbursed for travel expenses.

Q All right. And I recall seeing some invoices like that that had flat rate for secretarial, office, overhead type of thing.

A That's another item. I also worked with him and provided office space for an individual that he was also using the monitor the war. Mr. Razmara. He was paying Mr. Razmara a retainer, and I was billing him for the secretarial services, office space and other things that were being used by Mr. Razmara.

Q Let's work back from Razmara.

Was Razmara a person that you knew first or Hakim knew first?

A That I don't know. I don't know the answer to that question.

Q Did Razmara come to you as a person that Hakim wanted to help monitor the situation, or was he somebody that was already on your staff, and Hakim said, well, I'll pay you, and I'll pay Razmara?

A No. I knew Mr. Razmara and Mr. Hakim knew Mr. Razmara. Which came first, the chicken or the egg, I don't know. I met Mr. Razmara after he became an exile in the United States. I had seen him once or twice.

Q I assume that was shortly after the fall of the Shah?

A Yes. That would have to be, I don't know, maybe '81, '82. I can't put any dates on it any closer than that. That's the first time I recall meeting him here in the States.

Q I'm sorry. I asked the question inartfully. That got us a little bit off-base.

Just tell me how it came to pass that you and Razmara were both sitting in office space in Rosslyn working for Hakim as consultants on the war.

A Well, as I told you, I met Razmara here in Washington. He was looking for a job. I think he did some analytical work for me. I probably paid him a minor retainer of some sort.

Q That was before he was working for Hakim?

A Then Hakim and Razmara got together somehow. I don't know how they got together, maybe through some other friends. I simply can't recall. I don't know. If you're interested in pursuing it. Call in Razmara and call in Hakim. I don't know.

Then Hakim was interested in covering that war and was interested in some of Mr. Razmara's contacts in the

Middle East looking for business, and he came to me with a proposal. "How about providing office space, secretarial space, and so forth, for Mr. Razmara?"

That's what I did.

Q That's what I wanted to know. It was Hakim that brought Razmara together with you for this opportunity?

A No. We were already in touch, but that's my best recollection that he came up with some sort of a proposal.

Q Were you and Razmara supposed to be working independently of each other on the project, getting paid separately?

A Mr. Razmara was getting paid through me. In other words, I was doing it as an accommodation. Hakim was paying me the retainer that I was on. He was paying me for the invoices I was billing him for. Mr. Razmara's secretarial things, and so forth. And then I paid Mr. Razmara.

Q I see. Did Razmara do any other work for you, in addition to the Hakim work?

A No. But we exchanged -- I mean, it's like a cross rep. He might make a call to somebody to talk to somebody about Iran or the Iraq War. I had some information. We pooled our information. We discussed it, and this was probably a synthesis of the two that ended up in a product.

Mr. Razmara's English, spoken English, is very good. He's a graduate of a U.S. university. He doesn't write English all that well. He would write reports. We would edit them for them and put them into English.

Q All right. How long did this relationship with Hakim continue as regards to yourself?

A There are invoices in billings there. You can check the file. I think maybe 1982, somewhere in that period. Although maybe we didn't get our last payments from him until 1983.

Q It ended in '82 or '83 then?

A Yes. I would say probably December of '82, but we may have still had correspondence with him. He was a slow payer. I mean, you know, it just took him a long time to pay his bills, and I think maybe I had correspondence with him running through 1983 on that.

Q What was the reason for your discontinuation of that relationship?

A Basically, because it was clear that the war was going to go on, you know, for a long period of time, and his original concept and interest in business stemming from that war just wasn't realistic.

Q So he was the one who decided that it was just not economically a good idea?

A Well, I think I also said, you know, look, this is not going to be a short-term war. By then it was pretty clear that the war was going to be a long war. You know, I think I told you this story once before, so I'm going to bore you with the story. People say they are either hunters or farmers in the business world. A farmer is somebody like me who plows the furrows and gets a minor retainer for doing something. A hunter is the guy who goes out and looks at one big project. He may chase the big project for three years before he brings it in.

Mr. Hakim is a hunter; I'm a farmer.

I can see that ~~this~~ big project at Abadan wasn't going anywhere. Every day Abadan was being more and more destroyed. So I said, "Look, Albert, this isn't going anywhere."

Q This field is barren for now and come back later?

A It was just not going anywhere.

Q All right. And he discontinued his payments to Razmara around the same time, I take it?

A Yes. As far as I can remember; yes.

Q Did Razmara remain with you?

A Yes. Razmara has remained with me, and we've had different kinds of relationships. For instance, he is a shareholder in TGS International.

Q When did he become a shareholder?

A In this documents. Look it up. I mean, I don't remember all these dates.

Q Sure. I just wanted to know whether it was before or after.

A It was after, at some point when we were involved in operations in Kuwait.

Q Returning our focus to Hakim, have you had any other relationships with Hakim?

A Yes. I think over the years.

Q When was the next contact you had with Hakim from the beginning of your risk assessment program?

In other words, branching off from there, what others were there from that point forward?

MR. MC KAY: I don't understand the question.

THE WITNESS: No, I don't either. I just told you.

BY MR. HOLMES:

Q There's a period of time toward the end of 1980 until the end of '82 or the beginning of '82, when you're working with Hakim on risk analysis; correct?

A Uh-huh.

Q I don't want you to start after the end of that relationship; I want you to start after the beginning of that relationship and tell me what's the very next contact, other than that relationship, that you had with Hakim.

MR. MC KAY: In the time frame when he was doing the risk analysis, what else was he talking to Hakim about?

MR. HOLMES: Yes. Do you understand that?

THE WITNESS: No, I don't.

MR. MC KAY: He's taking that time frame when you're doing the Iranian-Iraqi War analysis and asking if you had other business dealings with Hakim.

THE WITNESS: No, I don't think I had any other business with him.

BY MR. HOLMES:

Q I don't want to be quite that specific, because in the world of a hunter, business is sometimes defined as something that brings in money, but my interest is in any kind of discussions at all that may have been with Hakim, in the hopes of bringing in money or even in the hopes of maybe further contract.

A I don't know what specifically you're searching for. Obviously, you're searching for something.

Q I'm just on scan at the moment.

A I did risk analysis. The next thing that I can remember, and I can't pin it down to a specific date, and so forth, is that I had some discussions with Hakim about modular storage equipment, sale of modular storage equipment, where that could be done.

Q Was there any particular country discussed in regard to modular storage?

A There were several countries discussed at one time, and there is some correspondence in there with him in the TGS files on modular storage. For Egypt, I think I may have talked to him about modular storage. I don't have any correspondence that I can recall, but I may have talked to him about modular storage for places like the United Arab Emirates. Maybe some other customers in the Middle East that I can't recall at this particular point in time.

Q All right. And nothing actually was built as a result of these?

A Nothing was built. We got no contracts out of any of that.

Q Did this relate in any way to Marwais?

A No. This was Stanley Vidmar. Modular storage. The Marwais thing doesn't appear until much later.

Q Let's move forward.

A He was involved -- Hakim was involved in Korea. He was doing some projects in Korea. He was a subcontractor on a Westinghouse contract for a nuclear power plant, I think, in Korea.

Q What was the business opportunity that was discussed with you?

A Analysis of what kind of security systems should be put in there.

Q So you were assisting his subcontracting role?

A I didn't actually assist him. I talked to him about it. I think I looked -- may have looked at some of the specs, but I never really worked on the project.

Q Were you ever paid or reimbursed expenses?

A No, not that I recall. I have no memory of that.

I don't recall ever being involved with him. You know, I talked with him about it. We looked at it.

Q Did you ever travel to Korea?

A No. I have been to Korea but not with Mr. Hakim. I mean, when I was in the government, you know, I traveled to Korea.

Q In addition to the Korea -- approximately when was the Korea?

A I don't know. He had several projects in Korea. . I know we talked to him. And I can't put, you know, a date on these. It's very hard to put dates on these things. He had the power plant thing he was looking at, and I know that I tried to talk him into a modular storage package for Korean Airlines and some helicopters, and so forth, that the Koreans were going to build. Nothing came of that.

Q The Koreans were going to build helicopters?

A Assemble maybe is a better word. Assemble, put together.

Q What kind of helicopters?

A I don't remember which company it was. There's additional correspondence in there. It's in the files.

Q In the TGS file?

A Yes.

Q Go ahead with your narrative.

A I'm just trying to think what else in Korea. Oh. There was a -- at one time, I corresponded with him and talked to him about a radar project for Trinidad and Tobago.

Q Let's start at the beginning of that.

What was your first inkling that there was such a thing as a radar project for Trinidad and Tobago?

A Bill Colby called me up on the telephone. As you know, Bill Colby is the former director of the CIA.

Q I know.

A He's somebody that I knew. He frequently calls me and others. And told me that he was talking to a fellow from -- he was talking to a guy who had a project in Trinidad and Tobago.

Q A U.S. person?

A Well, I don't remember what he said at that time. As I recall the way that unfolded, it turned out that this was a black American who was resident in the United States. He lived somewhere in Maryland. I didn't basically handle much of the day-to-day activities. Somebody else in my office talked with him. We defined the project, what it was that Trinidad and Tobago was looking for, and we raised that with Mr. Hakim to see if he could find the radar that was responsive.

Q Are there any documents in either of these exhibits, 6 and 7?

A I don't know. I think that probably took place before 1982.

Q All right. Who is the black American?

A I don't remember the guy's name. I can look it up. I'm sure we've got it somewhere. We can find it.

Q He was doing some other project on Trinidad and Tobago?

A Yes. He was doing something else, and I don't remember what his business was. I don't know. Maybe I met him once. Shook hands with him, and as I said, somebody else in the office handled that particular project.

Q All right. Then you contacted Hakim about it?

A Right.

Q Was anybody else there at that contact?

A No. Not that I recall.

Q Nobody from Hakim's companies?

A There was a fellow that we corresponded with in Hakim's company, because somebody in the newspaper business was asking me names of various people that I know. Did I know this guy, did I know that fellow? And I didn't even recognize the name, but I finally remembered it was a fellow by the name -- I think his name is Niedhart, or something like that, who worked for Hakim.

Q In California?

A Yes. He was the fellow we corresponded with, maybe we talked to him on the telephone about this particular project.

Q Now describe the project.

What was it that they wanted?

A They wanted a radar system, something for coastal defense kind of activity.

Q What was Hakim's response to your description of what was needed?

A He went into the market and was looking for a system, and I think he found a system. I think that was conveyed to the individual.

Q The Marylander?

A Yes. And nothing ever happened.

Q Where did Hakim find the system?

A I have no idea.

Q Do you know whether he accessed any CIA-related technical people in order to discover the system?

A No, I don't think so. My memory of that was, whoever this fellow was who was working for him found the system, and it was available on the market, but how he found it, where he found it, who manufactured it, and so forth, I don't have any of those details in my memory.

Q Okay. You say this is sometime prior to 1982?

A Yes. That's my recollection.

Q Can you give me a better read than that?

A No, I can't; no.

Q Is this after September of, what is it, '79?

A It has to be after September of '79, after I retired, but I can't put that into any --

Q Did you have TGS up and running at that time?

MR. MC KAY: At the time of the conversations about Trinidad and Tobago?

MR. HOLMES: Yes.

THE WITNESS: I don't know. I probably did, because the fellow who handled that has worked with me primarily in TGS.

BY MR. HOLMES:

Q Who was the fellow?

A A fellow by the name of Gillespie.

Q That's Vernon Gillespie, the person who his name's in the record?

A Right.

Q Okay. In addition to the radar venture, what other relationships with Hakim?

A I can't think of any. Iran-Iraq War, modular storage. Korea. You know, at the moment, nothing else comes to me. I mean, what I have since '82 is in there, but I can't think of anything else, you know, other than what's been discussed here.

Q Now Hakim, at one point, formed STTGI. Have you or any of of your corporate firms or people associated with those corporations dealt with STTGI?

A No. I think -- no. He's talked to me about his concept. That came into being -- that idea came into being after there was some law passed a number of years ago about benefits in having U.S. trading companies or conglomerates that could have certain benefits of being able to put together certain packages. So I heard him talk about that subject.

Q Prior to the STTGI, I noticed in your records, there's a company that he was dealing as called Triangle.

A Right.

Q Who was Triangle?

A Let me go back to try to answer that. My relationship with Hakim sort of unfolded like this. I dealt with Hakim in person, and in some of the early days, when I was doing risk analysis work for him, I was paid by Hakim, the person, later. The billings were sent to Triangle. He asked that the billings be sent to Triangle Associates, and we were paid by Triangle Associates. I don't know the corporate genealogy. That was a corporation that he was involved in. Then later at the end of our relationship, we were billing to Stanford Technology.

Q Stanford Technology or Stanford Technology Trading Group International, Inc.?

A No. Stanford Technology Corporation, STC.

Q California?

A Yes. His offices were in California. His residence, I think, was Los Gatos, but his office was somewhere in another little town somewhere, at least at the time.

Q So it was the California STC, not to be confused with STTGI?

A Yes.

Q All right.

There came a time when Hakim, as we now know from his testimony, was involved with Iranians, in particular, a man named Ghorbanifar. You had had contact with Ghorbanifar, in the meantime, in November 1984?

A Uh-huh.

Q I notice that in the file, you had a memorandum to the file detailing your meeting with Ghorbanifar in '84, and although you'll probably be questioned about it by one of the other lawyers later, and I'll skip over it for that reason now, I'm just drawing your attention in on Ghorbanifar and Hakim.

From the time that you met Ghorbanifar in '84, did you talk with Ghorbanifar about Hakim or Secord at any time after that?

A No, I did not. I had no meetings with Ghorbanifar. I personally only met him the one time in Hamburg. So I met him, I came back to the states, turned in my report to the State Department, and I never met with Ghorbanifar after that. So I never had any basis for talking to him.

As a matter of fact, I don't ever recall even talking to him after that, although Razmara had a slight difference of opinion on that. He says that one time he was talking on the phone to Ghorbanifar. I walked into Mr. Razmara's office, and he said, "Hey, this guy is on the phone. Why don't you say hello?" So I said, "Hello, how are you. Goodbye."

And that is the only other time I've talked to him. I don't even remember that, but Mr. Razmara says that's what happened, and I have no reason to doubt it.

Q From that time period -- just put the time period in your mind from the end of 1984 forward, have you had any contact with Hakim or Secord?

A Yes.

Q Let's just concentrate on Hakim. I shouldn't really mention Secord. The two were together during that period of time, so I thought maybe that would help key your memory, and just concentrate on Hakim.

A I don't remember meeting Hakim until -- I don't have any memory of meeting him until the Miami lawsuit appeared.

Q And that was sometime early in 1985?

A No.

MR. MC KAY: May of '86.

THE WITNESS: You know, you're jumping around a lot of dates here. Let's slow down for a minute and let me get this.

Okay. My memory of the lawsuit is May of 1986.

MR. MC KAY: That's correct.

THE WITNESS: May of 1986, the lawsuit appeared. All right. After that --

BY MR. HOLMES:

Q When the lawsuit appeared, did it come to you as a bolt from the blue, when the complaint was filed, or had you been aware that something was brewing prior to the complaint being filed?

A I had absolutely no idea, nothing. For instance, my first knowledge of the lawsuit was, one of my associates picked it up on the wire service, and I had never had any conversations, I didn't even know Avirgan or Honey. I never heard of Danny Sheehan, never heard of the Christic

Institute, never knew that there was a law case.

Q You hadn't heard from a former CIA friend or something like that, that the Christic Institute was looking into the contra situation or anything like that?

A No. I maintain very few contacts.

Q So that gives us a fairly specific reference.

A I don't remember any conversations between, say, November of '84 and that period with Hakim, meeting with him or anything else, until the lawsuit appeared. That appeared in May 1986. Sometime shortly after that I had a meeting with Hakim, and I think I tracked him down somewhere. He was in Washington. I had lunch with him. I talked to him about the lawsuit.

Q Was anybody else there?

A No. I don't recall anybody else being present.

Q What was said?

THE WITNESS: Can we take a short break?

MR. HOLMES: As a matter of fact, i'ts 12:15. Do you want to recess now for lunch and come back?

MR. MC KAY: That's fine.

(Whereupon, at 12:15 p.m., the taking of the deposition was recessed to reconvene at 1:30 p.m., this same day.)

AFTERNOON SESSION

(1:30 p.m.)

Whereupon,

THEODORE G. SHACKLEY

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION (Continued)

BY MR. HOLMES:

Q Mr. Shackley, as I recall, when we broke for lunch, I had just asked you what the content of the meeting was that you had described between yourself and Mr. Hakim in approximately May 1986.

A That meeting had to be in about June of 1986, I told you.

Q Sometime shortly after the filing of the lawsuit by the Christic Institute?

A The Miami lawsuit came out in May. My guess is it would be shortly thereafter, in June 1986,

Q Good enough.

A I contacted Mr. Hakim, had lunch with him, asked him about the Miami lawsuit, what do you know about it.

Q Was Hakim a defendant in that lawsuit?

A Yes. He's a defendant. Yes.

Q Was he a defendant at that time?

A Yes.

Q Has there been a growing list of defendants?

A It started off with 30. It's now down to 29.

Q In any event, what was said back and forth between you and Mr. Hakim?

A I, basically, asked him what he knew about the case, because it was a mystery to me.

Q What did he say?

A He said that he saw no understanding, had no understanding of why I was in the case and, basically, felt that he was in the case sort of by guilt by association, because he knew a number of the other people.

Q Did he tell you anything about what he knew about what was going on in Central America?

A No. We focused exclusively on this case, and he said he was going to look at it, and that was it.

Q You didn't ask him if there's something going on in Central America you ought to know about?

A No. I focused exclusively on the law case, you know, who are these guys? What do you know about the

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Christic Institute? What do you know about Sheehan? What do you know about Avirgan? What do you know about Honey?

Q He said he didn't know anything?

A No. He said he didn't know any of those people.

I asked,"What do you know about Lipenko?" "I don't know."

Q And to your recollection, it was just you and Hakim?

A Yes; to the best of my recollection, that's all there was.

Q Did you memorialize that conversation?

A If I did --

MR. MC KAY: I think it was memorialized. I think it is in one of the documents that was described as not being produced.

THE WITNESS: It's in our sort of investigation that we did in relationship to the case.

BY MR. HOLMES:

Q And your next contact with Hakim, relating to Hakim?

A I don't think I've seen him. We had a conference call, Mr. McKay, myself and his lawyer and Mr. Hakim.

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MR. MC KAY: I think that material is privileged.

MR. HOLMES: I have no problem with that.

MR. MC KAY: You don't need to answer further, unless you want to say --

MR. HOLMES: Obviously, it's an attorney-client privilege. When I say I don't have a problem, I mean I don't have a problem with you not answering.

THE WITNESS: At some point not too long ago, I was in the office fairly early in the morning. The phone was ringing. Nobody was around. I picked it up. The voice on the other end of the point was looking for Mr. Razmara. I said, "He's not here. Can I take a message." And it turned out to be Hakim. He said, "What are you doing answering the phones?" And I said, "Well, I'm the first one here, answering the phones." And he left a message for Razmara. You know, it was a very brief telephone exchange.

BY MR. HOLMES:

Q Okay. I want to ask you kind of a general question.

As Hakim has testified, there were efforts made by Hakim and others, including Secord and people acting for STTGI, to establish business connections, commercial relationships in Iran, in the 1985-86 period of time. That's come to be known as the First Channel Ghorbanifar and the Second Channel. I would like to know if you heard or know anything about those efforts by Hakim and his associates?

A No, I do not. I know nothing about them.

Q So although he was dealing or planning to deal in commodities that ostensibly or presumably would have involved countertrade, you and your associates didn't hear anything about that happening?

A No. The only other conversation I had with him, and we met briefly, was on Marwais.

Q Let's go back into Marwais and explain that. I gather that what you are keying on there, is that that was a countertrade type arrangement?

A Right.

Q Go ahead and explain that arrangement.

A It's very simple. Marwais was being represented, as far as I know, by Hakim and Secord in the UAE.

Q You're dealings with Marwais were limited only to the UAE?

A I never dealt with Marwais. I dealt with Hakim and Secord.

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Q And were your dealings with Hakim and Secord in reference to Marwais limited only to potential Marwais business in the UAE?

A In the UAE.

Q You had nothing to do, for example, with Marwais' opportunities in Saudi Arabia or anyplace else?

A No.

Q Go ahead.

A That was it. They were bidding on a project in the UAE aircraft shelters. One of the possibilities was the UAE would pay for those aircraft shelters in an oil barter deal, and I was asked about the oil barter, how it worked, how it could work.

Q Who asked you about it?

A Hakim and Secord.

Q When did this occur?

A I can't pin that down with precision, but I think there's a file in here somewhere.

(A pause.)

Q So we're looking at a portion of Exhibit No. 6 that consists of a manila file folder entitled Marwais/UAE Oil Barter Folder, Research Associates International.

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A Okay. It shows -- here's a memo 1 February '85.

I talked with Mr. Hakim about a UAE oil barter deal.

Q Did you reach some kind of agreement with Hakim?

A No. I didn't reach any agreement. We just discussed, back and forth, what if. There was never a firm proposal. In other words, what if they got the contract, what if oil became a part of the price?

Q What was the understanding between you and he, as to what would happen, if they did get the contract?

A Could I help him structure the deal, if it became a firm requirement, that is, for somebody to lift the oil to generate funds by lifting the oil. And I said yes. But it never came to that. They never got the contract.

Q Why don't you explain for the record and for the people who may read this someday, in the dust of some archive, what a countertrade, oil barter deal looks like?

MR. MC KAY: Generically?

MR. HOLMES: Generically, just so it's understood. I think I understand it, and obviously, you do. I'd like for the reader to understand it.

THE WITNESS: The country that wants to have a project built, in this case, the UAE, signs a contract with

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Builder Marwais. All right. Then part of that is arranged with the UAE, whatever entity it is in the UAE that's doing this, let's say, the Ministry of Defense, would arrange with the Ministry of Petroleum to lift a certain amount of oil. That oil would go to an oil company, and that oil company would then take and sell the crude and then deposit those funds into an escrow account. When those funds were in the escrow account, then the bank would pay those funds to the supplier of the services, in this case, Marwais, on instruction from the country, the UAE Ministry of Defense.

Q And is the oil company obliged to perform at a certain price, whether or not the Marwais contract is done, or is it contingent on Marwais completing the contract?

A It depends on how the deal is structured.

Q So it may be that way and it may not be?

A Normally, it would be, the Ministry would sell the crude to the oil company. The oil company would sell that crude for a fee, depending on how they negotiated. Let's say their fee was something like 15 cents a barrel. All right. the oil company would take that 15 cents a barrel as their profit for that transaction. The remaining funds would be put into the escrow account. At that point in time, that portion of the deal between the Ministry of Petroleum and the oil company is finished. Then that escrow account is controlled by the Ministry of Defense in the UAE, which then issues progress payments, depending on the level of construction, to whoever is doing the construction. In this case, Marwais.

So it is put together in that manner, but they're really separate transactions which come together to make a total deal.

This financial arrangement is a very common arrangement in Third World countries, isn't it?

A It has been a very popular arrangement in the market, probably over the last four to five years.

MR. MC KAY: Mr. Holmes, could we identify this person who's just come in from the House?

MR. HOLMES: Yes. This is Joe Saba from the House.

BY MR.HOLMES:

Q When we did the chronology of Hakim up to the June of 1986 meeting and beyond, we didn't touch on this.

A We touched on it, then we got off on something else.

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Q Is there anything else we didn't touch on? Any other relationship with Hakim that we didn't touch on, when we gave that chronology?

A I don't think so. To the best of my knowledge, we touched on this, and you said, no, you want to discuss it later, and then we got off on something else.

Q Now returning to the model or the phenomena of countertrade, this phenomena would also apply as a general phenomena in Iran, as well?

A It could.

Q In particular, as Iran buys high tech items or munitions or missiles or whatever, it is oil that they are selling, in order to raise those funds?

A Yes. In the Iranian economy, oil is the largest producer of income.

Q And your job, over the past five or six years anyway, has been keeping your thumb on the oil business in the Middle East, of course, including Iran, where Mr. Razmara is from?

A Uh-huh.

MR. MC KAY: I'm going to object to the question as vague, in terms of keeping your finger on the oil business.

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I don't know whay that means.

MR. HOLMES: If you don't understand the question, let me know.

THE WITNESS: There are 22 oil-producing countries in the world. Okay. I monitor trends relative to those 22 oil-producing countries, and there are a couple of more countries that are coming on stream now.

BY MR. HOLMES:

Q We know from the testimony in the hearings that were some sizable Iranian purchases going on in 1985 and 1986 for weapons, some at least, involving the United States and others involving other countries.

Did you gather information about the oil countertrade in relation to those kinds of purchases in your business?

A No. That was not a particular requirement, you know. I looked at the countertrade and the opportunities rather than collecting information numerically about countertrade.

Q Wouldn't an Iranian decision to buy a substantial amout of arms requiring cash payments be something that would cause a blip in their oil trading posture?

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A It might, but that's not the way you monitor Iranian oil production, is by backing into it through whatever sales or buys they might be making. In other words, you monitor Iranian oil production on the basis of output. You know, tanker liftings, and so forth.

Q In any event, did you hear from any source, about Iranian desires to buy missiles in 1985 or 1986?

A I think the general conversation, you know, that the Iranians were interested in buying all kinds of equipment, including missiles, I wasn't specifically involved in any such action.

Q Well, I'm not suggesting that you were. I just wanted to know what the sources were out there.

A Well, it's in the newspapers. I mean, this kind of stuff is in the newspapers.

Q Did you have anything more direct than newspaper reports on that subject during that period of time?

A No. There's a file in here where I tried to arrange a processing agreement between my client and Portugal, in which Portugal would buy Iranian crude.

Q Could you explain that? I'm sorry. You lost me on the processing arrangement.

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A Okay. A processing agreement, you have to have a refinery. In this case, Portugal has a refinery. Portugal also buys crude for its own account. Portugal buys from Iran. It is not unusual in the oil business for someone to make a processing agreement. They, in effect, will buy barrels of product that come out of that refinery, not the crude, the product. In other words, here --

MR. MC KAY: I think we understand.

BY MR. HOLMES:

Q So your client, in this situation is not using its own refinery in the United States. He's buying the product of a Portuguese refinery?

A Right.

Q And it is the Portuguese who are doing the processing?

A The Portuguese are doing the processing, for which they get a fee.

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Q [redacted]

Q So it's certainly logical to assume that what we're looking at is very much like this Marwais, United

Arab Emirates deal, in which the oil being processed in Portugal is countertrade [redacted]

A It's not a countertrade deal. It's an entirely different kind of a deal.

Q Well, it's a payment deal.

A No. Iran produces crude. Iran sells crude to the Portuguese. The Portuguese had a fixed period of time within which to pay for that crude.

All right, let's just arbitrarily, because it has to be negotiated, let's say it's 45 days. In that 45-day period that Portuguese refinery takes that and turns that into whatever it's supposed to turn that into -- diesel, motor fuel, whatever, and it sells that to somebody who then sells it into a European distribution mechanism. So you've got cash flowing throughout this whole mechanism.

Now what the Iranians get paid for or what the funds that the Iranians get paid for their oil, they do with that whatever they want. It's not linked to anything specific.

[redacted]

Q Did you ever discuss with Hakim or anybody associated with Hakim any opportunity relating to medical supplies?

A No, I have no recollection of ever talking to Hakim about medical supplies.

Q Have you ever had any discussions relating to medical supplies being sold to Iran?

A No. I don't recall medical supplies.

Q Not necessarily associated with Hakim, you understand.

A No. I have no recollection of any medical supplies being discussed with me, selling them to Iran.

Q Have you or anybody associated with the companies that you've been associated with dealt in medical supplies?

A Yes. We have recently been talking with Kuwait on medical supplies. We've been talking with a company, an American company here in Rosslyn in the last couple months on medical supplies for the Saudi market.

Q But to your knowledge, none of those medical supplies are destined to go to Iran by any trade arrangement?

A Not that I know of.

Q And nobody associated with Hakim in any way has spoken to you or anybody associated with the companies that you're associated with about trade opportunities in Iran in 1985 or 1986?

A I recall no conversations on trade activities in Iran.

Q Were you surprised to hear that Hakim was involved in developing trade activities into Iran?

A Yes.

Q When did you first become aware of it?

A Whenever it appeared on television.

Q No prior inkling? No discussion with anybody about it?

A I don't have any recollection of that.

Q Let me broaden my previous question.

You and he have mutual acquaintances. You and Secord have mutual acquaintances. You and a number of other people who are likely to be in the know on the Iranian deals have mutual acquaintances like, for example, North or other people in the government. None of those

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mutual acquaintances alerted you to the existence of the so-called "Iranian Initiative" up until the time it was publicly disclosed on television?

A I have no kqnowledge of that, and I don't see any reason why I would have any.

Q Well, as a representative of an Iranian-specializing oil trader, it would certainly seem like a possibility.

MR. MC KAY: Who says he's an Iranian-specializing oil trader?

MR. HOLMES: Mr. Shackley has said he specializes in the Near East and Razmara's from Iran; his major client, John Dois, is the oil trader.

MR. MC KAY: I don't understand where the Iranian specialization comes. I think that's not in anything he's testified to. He's testified on all 22 markets.

MR. HOLMES: No, no. He asked me, inferentially, why I was asking the question, that's all.

MR. MC KAY: Are you referring to Razmara then?

MR. HOLMES: No, no.

MR. MC KAY: I thought you said a person

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specializing in the Iranian oil trade.

MR. HOLMES: Oh, no. Okay. No, I didn't mean that.

THE WITNESS: I don't specialize in the Iranian oil trade.

MR. MC KAY: Maybe he didn't say that.

THE WITNESS: Well, that's what I thought -- that's what I thought you said.

MR. HOLMES: Okay. I didn't mean it that way.

THE WITNESS: I don't specialize -- in other words, I monitor the oil trade per se, and the 22 oil-producing countries within those, probably the 13 countries in OPEC.

BY MR. HOLMES:

Q Wouldn't it be logical, knowing the Middle Eastern market and particularly its petroleum component as you do, to assume that Hakim's group would have been in touch with some countertrader, in order to provide the other side of their trade opportunities in Iran, in other words, to generate the cash that the Iranians would need to buy missiles and medical supplies and whatever else it was that Hakim was hoping to sell in Iran?

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A No, I don't think that necessarily follows. I mean, the Iranians have been in the oil market for a long time, and they've got a lot of people scattered all over Europe who can put these deals together for them. They're constantly out there marketing various and sundry things. If what you're trying to say is that there's got to be this big mechanism that comes down this way toward a Hakim or somebody like him, and you're on the wrong wicket --

Q I'm not sure I understood, what you mean -- a big mechanism.

A In other words, if you take the total National Iranian Oil Company, which is a large structure, and they have representatives in a lot of countries -- for instance, they have an office in London that markets -- so these guys are out marketing, and they have an established mechanism for marketing. They are selling crude to the same people they've been selling crude to for years.

Q Of course, the same could be said about the United Arab Emirates, couldn't it?

A No. Not really, because the UAE production has increased in recent years. They've got more crude to deal with than they have had in the past, so they're looking for

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new customers.

If you look, historically, at Iranian production, it's come down.

Q So although it would be reasonable to assume they might have, it's certainly not necessary that they would have. That's the point you're making?

A Yes. I'm making the point that they've got a big marketing mechanism, and if you're looking at there's got to be sort of one guy, then I'm saying that I think you're off on the wrong wicket, that there is no one instrumentality that handles their large marketing.

Q I understand what you're saying.

Let's return to Mr. Secord, the second principal, and start as we did with Hakim at the beginning and go forward in time.

When did you first know or know of Mr. Secord?

A I first met Secord in Laos, when we were both in the government.

Q The time frame?

A I was in Laos in '66 to '68.

Q Was he there the entire time you were there?

A I have no way of reconstructing that. He and I

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worked together in Laos. That's all I can tell you.

[redacted]

Q All right. Where, after Laos, did you have any contact with Secord?

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A I don't know. Maybe when I'd come back. When I'd come back from overseas, if he were here in the country, at large parties, a get-together, he'd be at some of these parties. But I don't have any specific date. I mean, I can't say, tell me that you met him on the tenth of whatever, I just mean generically.

Q For a period of years, you had no professional contact with them then?

A No.

Q When was the first business or, hopefully, business contact you had with Secord?

A I saw him after he retired, and ~~w~~ I don't know when he retired.

Q Let's assume he retired in May of 1983.

A Then somewhere in that period, shortly after he retired, I started talking with him about business. And the only specific things that I remember discussing with him in the business sense, is the Marwais activity that he was involved in in the UAE. I think on one occasion he talked to me about some possibility of an oil concession or something in the Sudan.

Q The Marwais thing was the same opportunity that we've talked about with Hakim?

A Right.

Q What was the oil concession in Sudan about? Tell me about that.

A There's not much to tell. He was aware of the fact that there was a concession there and raised this with me, because he felt that he had some ability to help open a dialogue on that particular concession.

Q I'm not even really understanding what you mean by an "oil concession available." You mean the government of Sudan is holding itself out as available to grant some kind of a lease for developing oil reserves?

A There are all sorts of combinations. I mean, I don't think I'm here to give you an education in the oil business today, but in its simplest terms, somebody may have a block of land that there are geological findings that indicate that it has oil. It's a question of, can you bid on it. How do you qualify for bidding?

Q Did you take this opportunity and discuss it with anybody else other than Secord?

A No, I didn't do anything with it.

Q You never even talked it over with any person in the oil industry and asked them if they might be interested?

A No, because my view of the Sudan was that it was a basket case. It was not any kind of a place that I would want to recommend to any clients. There already had been a large number -- a lot of reasons for it -- a number of incidents in the Sudan that didn't make it worthwhile.

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Q What was Secord's hope for his own role in that oil concession?

A We never discussed it. He said, "Look, here's something I'm aware of in the Sudan. Why don't you take a look at it?" I looked at whatever it was. I didn't do anything with it. That's as far as it went.

Q All right. This was approximately when?

A After he retired, and we were talking about the Marwais activity, somewhere in that period.

Q Somewhere before Marwais and after his retirement?

A Would you repeat that?

Q Was it before the Marwais discussions or after?

A It was probably after the Marwais or at the same time as the Marwais discussions.

Q Okay. From that time forward, when was your next

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contact with Secord?

A I don't have any real memory of any contacts with him, until I went in the hospital.

I remember he stopped by to see me at the hospital. That's the next time I remember seeing him.

Q Are you talking about late in 1986, then?

A I was in the hospital in October of 1986.

Q Was there anybody else there when you dropped by?

A I had just had a major operation. All I remember is various people coming in. I don't remember who was there and who wasn't there.

Q So the conversation you had with him then was more or less moral support, hope you get better soon.

A Are you alive.

Q He didn't come there with a big proposal, sign here?

A No.

Q Did he have any proposal at all?

A All I remember is talking to the guy. That's all I remember. I mean, I know he was one of several, many people who came to see me while I was in the hospital.

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Q After that, when was your next contact?

A My next contact with him was after the Miami lawsuit. The Miami lawsuit was before that. June, May. Let's back up. Back up. I stand corrected.

I saw him when the Miami lawsuit came out. I had a conversation with him in June of '86. I went in the hospital in October of '86.

Q All right. Now --

A I'm getting mixed up on these dates and this jumping around here from the 1960s to 1980.

Q I thought we had done a remarkable job in covering the ground on this one.

All right. It's June of 1986. You've been served with the Avirgan and Honey lawsuit. You met with Secord?

A Yes, I did.

Q Was anyone else present?

A I don't think so. I don't recall anyone else being present.

Q Was there only the one meeting?

A No. I had a meeting with him, and let's see, I think you were out of town. It was shortly thereafter that

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I met with him and his attorney. That is, I met with Secord and Secord's attorney.

Q Who is his attorney?

A It's Mr. Green.

Q Guys can have more than one attorney.

In your first meeting with him, what was said between the two of you?

A It was the same kind of conversation that I had with everybody at that time, you know, what do you know?

Q Who did you talk to about the lawsuit in that period of time?

A Let's see. I talked to Secord, Hakim, Singlaub. On the telephone, I talked to Andy Messing. I don't know. There may be somebody else. Those are the ones that stick out in my mind at this particular point in time.

Q You were trying to find out what was going on.

A Yes. I was trying to find out, you know, what this consisted of.

Q What did Secord say?

A Secord told me that he knew some of the people in that suit, that he was going to be discussing it with his attorney. He'd just found out about this case, shortly

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prior to my having learned about it, and why don't I come over and sit in on that meeting. I had the impression from that that he knew some of these players that had been involved in Central America, but I didn't know the nature of his involvement.

Q Did he come to tell you the general nature of his involvement?

A No, he didn't.

Q Did he tell you that he was withdrawing from his direct involvement in the contra resupply?

A No, I didn't get into that with him.

Q Did he say anything about contra resupply?

A No, he didn't say anything specific. He said he knew some of those people that were on that particular list.

Q Of course, you knew some of the people on the list?

A Very few.

Q You knew Quintero and Chavez, Clines, Secord, Singlaub?

A Yes. Those.

But I didn't know and still don't know people like Hull, for instance. Owen. The first time I saw him, I thought maybe this was the fellow who used to work in the Agency, but it isn't.

I established who he was, and there are a lot of people on that list that I don't know.

Q What I'm getting at is the fact that he knew some of these people was perfectly obvious to you at the time. He didn't have to tell you that. You know that he knew those people.

A But there's a big difference between knowing people like, let's say, Singlaub, whom we knew in the military service, as opposed to being involved in a lawsuit with all these guys. What are these guys doing in this lawsuit?

Q That's exactly what my question is.

A What do you know about the Christic Institute?

Q He must have told you a lot more than "I know some of those people."

What did he tell you about what the facts were?

A No. He simply told me that he knew a number of these people, that he'd been active in Central America. He was going to be discussing this with his particular lawyer, and Mr. McKay was out of town at that particular point in time. This was, I think, in June. I was very agitated by this particular suit, and I decided I'd go to that particular meeting, and I did.

Q Did you memorialize your conversation, your first conversation with Secord and your later conversations with Secord?

A Yes. I think those are covered.

Q What other memoranda are covered in the letter with regard to the Avirgan lawsuit? Just so we'll have a catalog of what's not being produced for that reason.

MR. MC KAY: I'll be glad to give you a list by separate mailing and go into it more completely. I could have done that and probably should have done that. I can do it very easily by getting the names.

MR. HOLMES: Can we agree to have that on Monday?

MR. MC KAY: Yes.

BY MR. HOLMES:

Q All right. Did those discussions about the lawsuit continue, or were those the only two?

A Those, basically, were the only two. Recently, I've had a meeting with him and his lawyer, Mr. McKay and myself.

MR. MC KAY: About the lawsuit.

BY MR. HOLMES:

Q Other than the lawsuit, have you had any contact with Secord or discussions with Secord in 1985 or 1986, except for, I guess, the Marwais and the Sudan thing were before that.

So without further exception, any other conversations with Secord in '85 of '86?

A The only things that I recall over the last couple of years, and I can't pin it down with precision, the only business that I recall talking with him about is Marwais and the Sudan. And the next thing that is in my memory bank relative to Secord is the Christic Institute lawsuit.

Q Did you or anybody associated with the companies that you're involved with, like PGS or RAI, receive any inquiries from Secord or relating to Secord about the possible support for any military activity in Central America?

A No.

Q No requests for, say, a list of names of people involved in security? People involved in air supply, air transport? Nothing like that?

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A No.

Q I want to go back and start with Mr. Clines, the same process.

You met Mr. Clines, as I recall, in connection with Miami?

A No. I think I met Mr. Clines [redacted] in the '50s. I just have a vague recollection. [redacted]

Q Is this in relation to the CIA?

A Yes. Then my next memory of him is [redacted] He was there when I arrived. [redacted] and my memory is that he was still there.

[redacted]

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[redacted]

Q All right. And he was there when you left [redacted]

[redacted]

A To the best of my recollection, because he was there when I arrived, he was there when I left.

Q Would it fair to say that you became friends during those years?

A Yes. You know, I had a lot to do with him, and we all had an esprit de corps comradeship, and so forth.

Q So from that point forward, you would have one branch of your relationship with Clines as a general friendship contact throughout those years, social meetings and that sort of thing?

A Yes; right.

Q When was your next contact with Clines, [redacted]

[redacted] And I mean to exclude now the totally innocuous type of social contact, in order to concentrate on business type contacts.

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A My next memory is that he appeared in Laos, probably in '67, but I can't be more specific than that.

Q His duties in Laos brought him together with Secord as well?

A I'm sorry. You'll have to repeat that.

Q His duties in Laos brought him together with Secord as well as yourself?

A Yes.

[redacted]

Q How long were you and he there together?

A I can tell you when I was there. I arrived in '66, and I left in late '68. I don't know when he came. As I say, he may have come in '67, and he was still there when I left.

Q All right.

And your next contact with him?

A My next contact with him, I think, is probably about, probably '73, maybe late '72. '72, '73.

Q What did that consist of?

A That consisted of his coming to a Washington assignment to deal with [redacted] as I was leaving [redacted] As I recall, he was coming from somewhere like the Naval War College or something.

Q What phase of [redacted] was that?

A What do you mean, "what phase"?

Q Was [redacted] a proper name?

A Yes. It's the geographical entity that's responsible for [redacted]

Q So it was like a bureau or division?

A A division; yes. [redacted]

Q And he was taking over for who? He was taking the job that you were leaving?

A No. I was leaving as the head of that unit. I think he was coming in to be about at some job four or five echelons below that. I don't know what job he had there, but I remember I was going out as he was coming in.

Q For a brief while he was working for you then?

A Maybe very briefly. If he did, it was very brief.

Q Go ahead. What was your next contact?

A From that point on, we were both -- let's see. Whatever that was, it was '73. From that point on, we were both in the Washington area.

Q Yes. Do you mean by that that you had fairly regular social contact with him?

A I would see him occasionally for lunch, and so forth.

Q Did you ever have any financial transactions with Mr. Clines?

A Yes. At one time we owned a rental piece of property in McLean together.

Q When was that?

A I can't reconstruct those dates. Probably in the '70s sometime, the late '70s.

Q Is that the only financial relationship you've ever had with Clines?

A Yes.

Q Will you describe the rental property?

A What is there to say? It's a rental property. We bought a piece of property. We rented it out. Eventually, we had to pay it off, and when it came time to refinance it, he bought me out.

Q You bought the property together? You each put in some money on it?

A   I think the transaction was Clines and my wife. At that time, I was trying to create some investment properties that my wife could manage, and so forth, but I never got very far with it.

Q   Clines, at this point in time, was dealing in real estate while he was at the CIA, with the knowledge of the CIA; is that right?

A   Right.

Q   Where did the money come from that you and he invested?

A   I don't know where his money came from. My money came from savings that I'd accumulated.

Q   How much was it?

A   I don't remember. I'd have to go back and reconstruct it. I don't remember.

Q   You bought the property and then made payments?

A   Yes.

Q   And it was a situation where the rent paid for the payments and a little bit more? Is that the type of deal?

A   Well, it either broke even, or it was a slight negative cash flow, $50 or $75, or whatever it was.

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Q Would it be made up on your depreciation?

A Right.

Q Then you say you paid it off. By that, you mean that you completed your mortgage payments?

A No. There was a period of time that we were paying mortgage payments. The people who owned the property moved and bought another property. At the end of a fixed years period of time, whatever it was, a couple of years, we did have to refinance it or pay it off. So we had to pay them off.

In order to do that, Clines bought me out. Then he refinanced the thing. He bought me out of my share of what we assumed the property was worth.

Q Do you know where he obtained the money for that?

A No, I don't.

Q Is it possible that he obtained that money from Dick Secord?

A I have no idea.

Q Did you ever discuss that house arrangement with Dick Secord?

A No. I don't recall discussing it with Secord.

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Q Did you ever discuss it with Clines in Secord's presence?

A No. I have no memory of that. I can't say that I did. I can't say that I didn't. I just don't have any memory of it.

Q Was the amount that you were paid out greater or less than your initial investment?

A I made some money on that.

Q How much money?

A I do not have any idea at this time.

MR. MC KAY: I don't think they're in there, because it's pre-'82 document. I think we're talking about an individual family house. We're not talking about an apartment building or an industrial complex. We're not talking about very much money.

BY MR. HOLMES:

Q Do you recall ever discussing this transaction with Ed Wilson?

A No, I don't.

Q Do you know whether Ed Wilson was the source of Clines' money?

A I don't. I really don't.

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Q Did Clines ever say that he was?

A No, he didn't.

Q Were you, Clines and Wilson ever together when this deal was discussed?

A I have no memory of our being together for a discussion of this transaction.

Q How did Clines pay you?

A With a check through a real estate attorney in McLean.

Q Was there only one check?

A Yes. As far as I can recall, there was only one check.

Q Did that check reflect the entire amount that Clines gave you in relation to this transaction?

A Yes. That's my memory of it.

Q Did you receive any cash at all in relation to this property at any time?

A No, I did not.

Q Let's go forward with Mr. Clines.

What was your next --

A We were both here in the Washington area.

What else is there to say? I mean, that was it.

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Q When did you first become aware that Clines was involved in Central America supply efforts?

A I think when I got that subpoena.

Q Which subpoena?

A Not the subpoena. The Christic Institute papers.

Q Did you talk with Clines about it?

A I tried to track him down. I don't remember talking with him. He's a very hard guy to track down.

Q You've never discussed that lawsuit with Clines?

A I don't ever recall.

MR. MC KAY: Clines was present at the meeting with Mr. Green and Mr. Secord, Mr. Shackley and myself. Mr. Green represented Clines.

MR. HOLMES: Was anybody else present at that meeting?

MR. MC KAY: No.

BY MR. HOLMES:

Q Other than that occasion, you never discussed this with Clines?

A I don't have any recollection talking with him.

Q That was the first time you found out about Clines' role in contra supply?

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MR. MC KAY: I don't want to confuse you. The meeting isn't the first time. It was when he got the subpoena. He said that was the first time. We've discussed the meeting in between.

MR. HOLMES: You don't mean the subpoena. You mean the complaint. That was just an allegation.

THE WITNESS: The complaint.

My knowledge of this Christic Institute thing came about when we were served papers by the Christic Institute. He is listed in that complaint. All right? That's when I found out.

BY MR. HOLMES:

Q That's just an allegation. I want to know when you learned from some other source that he has something to do with it.

You're saying that this meeting with all the lawyers and Secord and Clines was it.

A Yes. That's my memory of it.

Q And you've never discussed it with Clines since then?

A No. I have not talked to him since then.

Q You haven't talked to him at all since then?

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A No. I haven't talked to him.

THE WITNESS: Can we take a break here?

MR. HOLMES: Sure. Go ahead.

(Recess.)

BY MR. HOLMES:

Q Did you know where Clines was during '85 and '86?

A No.

Q You don't recall his spending time in Egypt?

A No. From time to time, people would ask me, have you heard of him, have you seen him? We're looking for him, and so forth, but I didn't know.

Q Let's start with Mr. Quintero. Would it be a fair characterization of what you said already, that you didn't know that Quintero was involved in Central American supply either until it became public?

A Right.

Q You hadn't heard what he was doing from any other source?

A No, I had not.

Q When did you first meet Quintero?

A I first met him, to the best of my recollection, after I retired.

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Q How did you meet him?

A I was introduced to him by Mr. Clines.

Q What was the occasion?

A The occasion was discussion of the API business.

Q Who was present?

A I don't know. Come on.

Q Who was involved?

A All I remember is, I met Quintero through Clines, and I remember discussing the API bid procedure for selling valves and flanges.

Q This was the same business you mentioned earlier, involving Quintero, Finney and Chavez?

A Right.

Q From that point forward, what has your contact with Quintero been?

A Essentially that. In other words, during the time that I was working with API on that particular project, I worked with Quintero on the Mexican market, valves, flanges, and so forth.

Since then, I think maybe I've seen him once or twice in Washington at some social occasion.

Q No other business with him at all?

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A No.

Q When did you meet Felix Rodriguez?

A I met Felix when I was in Vietnam.

Q And from that point, when did you deal with him again?

A I think when I came back to Washington, he retired shortly. He had a medical disability. He retired on a medical disability, when I was still in government.

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He came up here for medical papers or something like that. I would see him in a social context.

Q Were you still with the agency at the time?

A Yes.

Q Did you discuss his medical retirement with anybody at the Agency?

A I remember, I think when his papers were being processed, and so forth, I think somebody came around and asked me what he did in Vietnam. I remember the specifics, some of the crashes that he was involved with, and so forth.

Q Would it be giving you too much credit to credit you with helping him get his medical disability?

A I think he got it on its merits. I mean, he was in, I forgot how many crashes he was in. He was in two or

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three helicopter crashes and got a bad back. He applied for medical retirement, based on the advice of the medical staff, and then there was regular paperwork. I'm sure I was one of several people that people came around to discuss what his service had been in Vietnam and what was the nature of his claim.

Q When did you speak with him again after the medical disability conversations?

A After I retired, I continued to maintain social contact with him.

Q Have you ever had any business contact with him?

A There are some items in here. We tried to get him to help us open the Venezuelan market for modular storage equipment.

Q When was that?

A Well. I think that was the TGS thing, if I can find it.

(A pause.)

Q I just want to know about when it was.

A We've been at this for a long time. We're running around for a different lot of dates, and I simply do not remember the date.

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MR. MC KAY: Sometime after '79.

THE WITNESS: It had to be sometime in maybe 1980 or '81. I don't know.

You keep pressing for dates, and I'm telling you, it's in the file there.

MR. HOLMES: I'm just trying to get an idea of where we are in time.

BY MR. HOLMES:

Q Since that time, have you had any dealings with Mr. Rodriguez?

A Occasionally. I haven't seen him for a number of years. Occasionally, he would come to Washington, and I would see him when he came to Washington. He was involved with Radio Marti, and I would see him when he came to Washington.

I haven't seen him now in quite a while.

Q Other than the Radio Marti contacts then, and random social contacts, you haven't had any contact with him since the modular storage conversations?

A I don't remember anything specific. Let's see.

(A pause.)

I knew at one time, on one of his trips that he was trying to go to El Salvador. He constantly was traveling in and out of Central America.

Q Did you ever discuss the helicopter situation with Felix Rodriguez?

MR. MC KAY: I object to that. "Helicopter situation."

BY MR HOLMES:

Q Some kind of business arrangement involving helicopter parts or the sale of helicopter parts?

A He, at one time, was involved in trying to build a helicopter, a one-man or a two-man helicopter with some inventor genius in Miami. I remember talking to him about that, but at this point in time. I don't recall any other helicopters. Wait a minute.

He talked with -- helicopters. I think he talked with a fellow who was the representative of Augusta Bell, to try to sell helicopters to -- I don't know whether that was Guatemala or Honduras.

Q Let's see if we can flesh that out a little bit. What was your relationship with Augusta Bell?

A I don't have any relationship with Augusta Bell.

Q Have you had any business discussions with him about helicopters?

A There was an Italian representative that rented space from me for a while who, among other things, worked on Augusta Bell helicopter sales.

Q His name was?

A Pavone.

Q He was a representative for Augusta Bell?

A Yes.

Q I don't know what his contractual relationship was with Augusta Bell, but he represented Augusta Bell.

Q For the sale of the helicopters, I take it?

A Yes.

Q Did you ever receive any payment or expenses from Augusta Bell for any work that you did?

A No.

Q He was simply renting space from you?

A He was renting space from me.

Q Was this in some way related to Felix Rodriguez?

A Felix talked with him about marketing, or he talked with Felix about marketing helicopters in Central America.

Q Was Guatemala the only country they talked about

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selling?

A What I gave you in my answer. It's either Guatemala or Honduras. I don't remember at this point.

Q This is approximately when?

A Sometime in the '80s.

Q Do you know whether any of those conversations came to fruition in the sale of a helicopter?

A To the best of my knowledge, there was no sale made.

Q With whom were they speaking in the Central American countries? Do you know?

A No, I don't. I don't recall who they were in dialogue with. They were in touch with the government, with whatever government it was. They were in touch with the government or somebody who had a sales commission or the right to go out and find the helicopter or something.

Q Do you recall any conversations with anybody about a radar device operable from a helicopter?

A No. I don't recall anything about a radar device from a helicopter. To do what?

MR. MC KAY: You've answered the question. Let him go on.

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BY MR. HOLMES:

Q I'm recalling something that you said in the interview I had with you back in the beginning of the year, but I'll look it up and ask you on Monday.

So you were aware of these conversations with Felix Rodriguez relating to Augusta Bell and the sale of helicopters and to Central America, but you weren't financially interested in the conversations, Is that accurate?

A Yes. That's basically correct.

Q So if the sales had gone forward, you wouldn't have benefited in any way from the sales?

A If the sales had gone forward, I might have then put in a proposal for handling the logistics problem-solving on the spare parts. In other words, how could they store the spare parts.

Q So back in your mind, then, there was the storage sales situation?

A Had there been a sale, but there wasn't. It was just a discussion of the sale. It was a long way from that to trying to plan a logistics system to go with a sale that never took place.

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Q I understand.

When was your next contact with Felix Rodriguez?

A I recall him calling me on Christmas Day 1986.

Q What did he want to call you about?

A He said that he had just heard that I had been sick and had had a serious operation. He wanted to know how I was and wished me Season's Greetings. That was it.

Q At that point in time, you had already been sued; correct?

A Right.

Q He didn't discuss that with you?

A I really didn't want to talk with him, to be honest with you, at that particular point. I didn't know what the hell he was doing. He'd been away. I hadn't seen or heard from him for a very long period of time. I just took the Season's Greetings and let it go at that.

Q Have you ever discussed the lawsuit with Felix Rodriguez?

A Yes, I have. I have since discussed the lawsuit.

Q When was that?

A After his testimony here in Washington, and he became a TV celebrity.

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Q Okay. Was there more than one discussion?

A Yes. There've been about two or three telephone conversations. Two, I think.

Q Just by phone?

A By phone. He's avoided me ever since.

Q What was said about the lawsuit by Rodriguez?

A Well, I wanted to find out what he knew about these people and wanted to discuss the lawsuit with him. He said he didn't want to get involved. He didn't want to be involved in discussing it or anything else.

Q So he refused to discuss it with you?

A Yes; basically. He said, "Let me consult with somebody, and I'll get back in touch with you." Then he left for Central America. I've never been able to catch him since.

Q So you never discussed the substance of the lawsuit?

A No. I discussed with him what I wanted from him, and that's when he said no.

Q What did you tell him you wanted from him?

A I think that's part of our strategy of what I want for the lawsuit, and I don't think that's germane to this.

MR. MC KAY: Generically, it was assistance in helping to get the case dismissed, is what we were looking for.

BY MR. HOLMES:

Q Returning to Rafael Quintero, did you discuss the lawsuit with him?

A No. I have not discussed the lawsuit with Quintero.

Q Never?

A Not that I recall. I have no memory of talking to Quintero about the lawsuit.

Q I return to the list which is the appendix to your subpoena, and I want to ask you about the Aspin brothers, Leslie and Michael.

Have you met these folks?

A I have not.

Q You're certain?

A Yes.

Q If I were to tell you that Leslie Aspin went by Leslie Allen at times, would that help you?

Do you know a Leslie Allen?

A That doesn't ring any bells with me whatsoever.

Q I want to get into the events around November of 1984. I understand that you've written a memorandum on this, but the Leslie Aspin aspect of that, I'm sure, wasn't in your mind when you wrote the memo.

So I would like to ask you some specific questions about that.

Exactly who was present at your meeting with Ghorbanifar and where did it take place?

A The meetings with Ghorbanifar were attended by Mr. Razmara.

Q You said "meetings"; correct?

A Yes.

Q Let's get the first one first. Then we'll progress.

A I mean, you have to sort of look at this as a sequence. This file in here -- could we look in the file?

Q Sure.

(A pause.)

A We met on the 20th of November. During the 20th of November we had several meetings. I think we had a meeting with Ghorbanifar, General Manucher Hashimi -- not to be confused with Cyrus Hashimi.

So Razmara, General Hashimi, myself and Ghorbanifar.

Q The four of you were the people present at both of the meetings that occurred that day?

A They were essentially -- during the course of the day there were three meetings. There was one very brief meeting, where we were introduced. General Hashimi introduced Mr. Razmara and me to Ghorbanifar. We did not know him. We did not expect to meet him. He didn't expect to meet us.

MR. MC KAY: The question on the table is, who was present at each meeting.

So just answer that. We'll get along faster.

BY MR. HOLMES:

Q Where was it?

13 A In the Vier Jahreszeiten Hotel in Hamburg.

Q What led up to the meeting. How did you happen to be in the Four Seasons Hotel?

A I cover events in the Iran-Iraq War. Mr. Razmara helps me cover events in the Iran-Iraq War. He knew General Hashimi. I'd been talking with him on the telephone and exchanging views about the war over a period of time. General Hashimi's views on the war were very insightful, accurate. Therefore, I decided that we ought to get to understand this guy better.

On some occasion, I think it was October of '84, General Hashimi came to the United States, to California, to see his daughter and grandchildren. He was out there for sometime. Mr. Razmara and I flew out there to meet him, to talk to him about the war, and so forth. We got along very well. It's the first time I'd ever met him and got along very well, I thought. Very interesting guy. At the end of our discussions out there, he said that he frequently met with people from Iran. Given our interest in the war, he would introduce us to some interesting people the next time he came out, that he felt it was worthwhile to talk to. That was the background.

He called us up in late October and said, there are some interesting people probably coming out. Why didn't we meet with them, and so forth. And we agreed to a meeting that was postponed.

Then we met him in Hamburg on the morning of the 20th, as I recall. We got there, I think, the night of the 19th.

Q So you and Mr. Razmara traveled to Hamburg for the sole purpose of meeting --

A Meeting with General Hashimi, who was going to introduce us to interesting Iranians who were traveling in Europe at that time and from Iran.

Q This is all on an open expense account, I gather, with your primary client in the oil business?

A Yes.

MR. MC KAY: I don't know what you mean by "open?"

THE WITNESS: I don't know what you mean by "open."

BY MR. HOLMES:

Q It's a discretionary thing for you to fly out. You don't have to call up Dois and say, "Can I do this?" You have the discretion to do as you please and bill him for it; correct?

A Well, it's in the total billing.

Q You didn't have to do any actual business transaction in Hamburg to make it worth your while in a business sense. You were paid to go there and find out what the man had to say.

A I'm paid to know what is generally happening.

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What way is the war going to go. What's the trend forecasted, and so forth.

Q Okay. So there's a first meeting in the morning, and that's when you were first introduced to Ghorbanifar?

A Right.

Q Then there's a second meeting and a third meeting all on the same day?

A Yes.

Q And are the four people that you've named the same people who meet at the second and third meeting?

A No. In the second meeting, there is an Iranian from Iran, who is present at the meeting.

[redacted]

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[redacted]

Q And the third meeting?

A The third meeting was in the evening. Mr. Razmara, General Hashimi and I were staying in this hotel, the Four Seasons Hotel, and at the end of the day, we were sitting down to have a drink, and Mr. Ghorbanifar came back into the hotel, and we had a drink with him.

Q But [redacted] did not reappear for the third meeting?

A No.

Q Did you see any Americans in Hamburg during you stay?

A No.

Q How long did you stay in Hamburg on that occasion?

A As I recall, we arrived on the 19th. The meetings were on the 20th, and we took off on the morning of the 21st or midday on the 21st.

Q And you say no Americans in Hamburg during those three days, 19, 20 and 21?

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A I have no recollection. I had no discussions with any Americans. I mean, maybe somebody was in the lobby of the hotel, who I didn't know was American, but, no, I didn't have any conversation with any Americans.

Q At that point in time, did you know Oliver North?

A No. I did not know Oliver North.

Q You wouldn't have known him if you'd seen him?

A I would not know him if I saw him.

Q Did you know Earl, Robert Earl?

A No. I don't think so. I don't think I've ever met Earl. I don't know.

Q Did you speak with or socialize with, in any way, any British-speaking persons there in Hamburg during these three days?

A No.

Q Was there any discussion during those meetings of the sale or potential sale of any missiles to Iran?

A No. Not really. In one of the early discussions with Ghorbanifar, he asked if there was some way maybe he should work toward establishing his bona fides with the Americans when he was discussing this.

I said, "What do you have in mind?"

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He said, "There's [redacted] equipment. Iran has [redacted] equipment. Maybe we could provide that to the Americans to show that we have good contacts and establish our bona fides."

I said, "What are you thinking of?"

Q Let me slow you down for one second.

You said in one of the early meetings. Are you taling about the 20th or some shortly thereafter?

A No. I told you before, I only met him once, on this day, on the 20th, and then in one of these conversations, this came up. I'm trying to see if I can refresh my memory.

Q So when you say one of the early meetings, you mean one of these three meetings we're talking about?

A Right. It was not the third meeting, but either the first or second meeting on the 20th.

(A pause.)

Q Did you get into any further details on what kind of [redacted] equipment they had?

A No, because I covered that. He said, in return for [redacted] equipment [redacted] [redacted] Tehran would want TOW missiles. I told him they ought to find a simpler way to establish his bona fides, if he wanted to deal with the Americans.

Q He didn't tell you what kind of interesting [redacted] equipment he had?

A No.

Q But he specified TOW missiles?

A Right. TOW missiles did come up.

That was the only time.

Q Did [redacted] have anything to say about TOW missiles? Was he present for that conversation?

A I don't think so. That came up in one of these conversations. I don't think so.

Q So if he was present, you don't recall?

A I don't.

Q Was there further discussion about the TOWs? What kind of TOWS?

A No.

Q Would you even be familiar with the TOWs?

A Not particularly, but you know, I've told you this before, I don't deal with anything that booms or bangs. As soon as I heard TOW missiles, I said, forget it, you know. Find something simpler. That's when I asked him if he had ever been in touch with the CIA. That's when he told me, yes, he'd been in touch with the CIA [redacted] but they'd used him like a piece of Kleenex, wanted to use him and throw him away. That was his famous remark.

I told you this guy -- you've probably met him. You've probably talked with him. He's flip.

Q After the meeting in Hamburg, where did you go?

A As I recall, I went to London and then from London back to Washington.

Q Have you ever met with Hashimi, Ghorbanifar or [redacted] in Frankfurt?

A No.

Q Have you traveled from Hamburg to Frankfurt by U.S. military plane?

A No. I mean, wait a minute. U.S. military plane what? In this period, 1984?

Q Yes.

A No.

Q Do you know the name Mansur Alkazar?

A No, I don't.

Q Do you know the name Batturji?

A No. These are new names on the list. I don't recognize them.

Q I wouldn't expect you to have records of those dealings.

MR. SABA: Excuse me. It might be pronounced Batturji.

THE WITNESS: It's not a name --

MR. MC KAY: How's it spelled?

MR. SABA: B-a-t-t-u-r-j-i.

MR. HOLMES: He's a London resident. He lives in England.

BY MR. HOLMES:

Q During 1984 did you speak -- and I hope you understand when I said "speak with," I meant speak with, by phone or in person, I gather from your answers, you understood that, any British arms dealer at all.

MR. MC KAY: This is 1984?

MR. HOLMES: 1984.

THE WITNESS: No. As a matter of fact, no, I haven't.

BY MR. HOLMES:

Q Have you ever been present when a transaction involving TOWs was being discussed, other than the one that you just mentioned?

A No. I have no recollection, but I know there's a transaction in there, I told you, with the Portuguese. There's a Portuguese friend of mine who represents a Portuguese arms industry thing. He talks about arms and and so forth, but they don't have TOWs. I don't recall any conversations with him about TOWs.

Q They do have TOWs.

A Do they? You've contributed to my education. I didn't they have it.

Q They manufacture the delivery vehicles and sell TOWs as an add on. You didn't know that?

A No.

Q I'm sure you're aware, because I've seen your denials in the press, of the allegations of this Leslie Aspin and his brother Michael. I've tried to cover the territory myself, but I would like you to tell me why it's not true. I'm sure you've given it some thought.

Tell me the most salient facts that disprove the Aspin allegations as you see them.

A First of all, I didn't meet him. That's as simple as that. Too, Mr. Razmara and General Hashimi were there, and they will say that I didn't meet them. More importantly, Aspin told the newspaper guy that he did not talk with me in Hamburg. He's changed his story slightly, and he now says that he saw me in Hamburg but he did not talk to me.

I've written a letter to the the "London Observer." They published it. I got a call from Scotland Yard. If the Scotland Yard guy is, in fact, bona fide, and he comes here and meets me at the British Embassy, I will give my deposition to the effect that I did not meet Mr. Aspin in Hamburg in November 20, 1984, and I did not talk to him.

Q In any of your discussions with Ghorbanifar or Hashimi, was there any discussion of the sales of TOWs, other than the exchange for [redacted] equipment?

A No.

Q Was there ever any discussion amongst any of the people at this meeting or this series of meetings, I should say, to include [redacted] about arranging for a payment for any weapon for Iran?

A No.

Q For example, setting up a bank account, getting a Certificate of Deposit, an insurance certificate or any paperwork at all, related to an arms deal. it didn't happen?

e14 A It didn't happen.

MR. HOLMES: Do you want to carry this forward?

EXAMINATION

BY MR. WOODCOCK:

Q Mr. Shackley, I introduced myself before. My name is Timothy Woodcock. I too am an Associate Counsel with the Senate Committee.

Let me return, if I may, to the meetings that you had on November 20 with Ghorbanifar.

When you met [redacted] did you understand that he held any kind of political position or was affiliated with any political faction within Iran?

A He talked about his views of the situation in Iran and that there were factional groupings, but I don't speak Farsi, so all this conversation was being translated for me by -- primarily by Mr. Razmara.

Q Did he associate himself with any of the groupings?

A No. He just identified various groups, talked about groups being in existence, but he didn't really come down clear-cut and say, you know, I'm in this group or in

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that kind of a definition.

Q Was his presence there, did you understand that to be to give you a briefing on politics in Iran or did that just happen?

A No. I think my understanding of the meeting was, here was an interesting guy coming out of Iran. Ghorbanifar is a guy who is a deal maker. What I understood Ghorbanifar to be is a guy who is finding somebody coming out on a purchasing mission, opening a dialogue with him, if he didn't know him, taking care of their administrative needs, hotels, women, wine, finding out what they wanted to buy, have the guy stay in the hotel. Then Ghorbanifar goes out and finds the product for them and puts the deal together and gets his commission from the manufacturer.

Q Excuse me. What was in it for him to put you in contact with [redacted]

A Nothing. In other words, he had whatever deal he was chasing with [redacted] on prosthetic devices. Somewhere in Scandinavia and Germany, he, Ghorbanifar, and Hashimi simply talked about developments in Iran all the time, an exchange of information. I was just another adjunct, if you will, to that particular exchange, an exchange of views.

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Q Do you know whether [redacted] understood that your prior career had been with the CIA?

A That I don't know.

Q Certainly, you didn't tell him; is that correct?

A I don't advertise that, but I don't hide it. If somebody asked me were you with the CIA, I said yes, but I certainly don't go out and say that's what I did.

Q The reason I ask is, I think the Iranians have a sensitivity to persons who work with the CIA, because of their internal politics.

Would you agree with that?

A Yes. They certainly would be sensitive to the fact that they were in touch with ex-CIA people.

Q And that there might be a political liability for them back home, if it were known that they were meeting with ex-CIA people?

A Also, you have to put it in this context. I mean, I don't think they knew that, because you have to look at it from this point of view: I am ex-CIA. [redacted] So the guy, obviously, he didn't have that sort of picture, I don't think.

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Q Let me back you up now. You mention Mr. Razmara. If you've covered this, just tell me.

How did you meet him?

A I covered it.

Q It was through Mr. Razmara that you met Manucher Hashimi; is that correct?

A Right.

Q Did Mr. Razmara tell you what his prior relationship was with Mr. Hashimi?

A Yes. They were colleagues.

Q [redacted]

A

Q Have you ever heard of either from Mr. Razmara, General Hashimi or anyone else, of an individual by the name of [redacted]

A Yes.

Q How would you have heard of this person?

A I met [redacted] through Mr. Hakim.

Q When would that have been?

A It was sometime in the 1980 -- 1980, that's the best. That may not be a precise date, but that's the closest I can come.

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Q Do you recall how it was that you came to be introduced to him? Why Mr. Hakim introduced you to him?

A There are two aspects of it. I really met him -- Mr. Hakim was thinking of bringing him to the United States, and he was going to work for him in his business.

Q What business was that, if you recall?

A Stanford Technology. Then later, at some point in time, we put on an English language training program for [redacted]

Q This is, I gather, after he came to the United States; is that correct?

A Yes.

Q Did you meet him before he came to the United States?

A My first meeting with him was in the United States.

Q At that time he was a prospective employee of Mr. Hakim's?

A Hakim's; yes.

Q Now how long, if you can recall, after you first met him, did he come to the United States to enroll in your English language training program?

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Q I don't have any sense of that. I just remember meeting him. Then there's a gap. Then after some sort of a gap, he was here in the states, and we put on maybe a three-week or four-week English language training course for him.

Q Which one of your companies ran that program?

A RAI, as I recall.

Q I gather [redacted] must have had some basis in English; is that right?

A He had some; yes.

Q Who was it who was able to communicate the English language to him?

A In terms of the training?

Q Right.

A I hired two or three people to teach him.

Q Were any of those people former CIA people?

A The two principal instructors were girls; no, they were not. But I think in the course of that, we also -- we may have had one retired person sort of socialize with him in the evening, so he would continue to use the English language.

Q Who would that have been?

A I would have to go back --

Q It wasn't George Cave?

A No.

Q Do you recall whether Mr. Hakim ever discussed with you the possibility of setting [redacted] up in an L.A. business out on the Coast, the West Coast?

A Let's see. There was a time when Hakim was involved in some Korean delis. Korean people were working for him. I remember that coming up in the conversation, now that you've jiggled my memory.

Gosh, I don't remember whether that came up with [redacted] or not.

Q Was it your impression that he went to work for SDC?

A My impression is that whatever deal they had did not come to pass, because after that, [redacted] went back to England.

Q What's your best recollection as to how long he was in the United States when this all came apart and he went back to England?

A It was a short period of time. I would say six weeks but that's a guesstimate on my part.

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Q Did either Mr. Hakim [redacted] explain to you how it was that they came to know each other?

A No. I don't recall how they came together.

Q After this initial period when [redacted] came to the United States and then went back to England, did you ever meet him again?

A I think I met him once in London.

Q How did that come about?

A . I picked up the telephone, called him and had a conversation with him. I think my wife and I went out to dinner with him and his wife.

Q Was that just social?

A Yes.

Q Did you ever come to understand that he, himself, had had some kind of past relationship or continuing relationship with Manucher Hashimi?

A No. I'm not aware of any -- I think they know each other, but I'm not aware of any collaboration between the two on any projects or anything. I've never heard that.

[redacted]

Q Do you know where you heard that from?

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A No, I don't.

Q Did you ever see them together?

A No.

Q Did you ever hear that they had had a parting of the ways?

A No, I haven't. You know, let me clarify one point.

General Hashimi's English is not very good, and when I basically speak to him, I have to have Mr. Razmara there to carry on any kind of a lengthy conversation, other than the basic social amenities, whereas [redacted] English is quite good now.

Q Did Mr. Razmara have any kind of a relationship with [redacted] to your knowledge?

A I think they simply knew each other from Iran, but I don't know.

Q Did Mr. Hakim ever tell you that he was recommending or thinking about recommending [redacted] [redacted] to the CIA as a source for the CIA?

A No.

Q Did you ever know of that from any other source?

A No. You're introducing a new thought. I had not heard that thought. I haven't heard that idea.

Q Now if you've answered this one, tell me, please, How is it that you met Mr. Hakim?

A I've answered that.

Q Do you recall, after having met Mr. Hakim, recommending him to the CIA as a possible source?

A I've covered that.

MR. HOLMES: If we've rushed through it, if you're going to cover it, cover it now.

MR. WOODCOCK: All right.

BY MR. WOODCOCK:

Q I gather that you do recall that you recommended Mr. Hakim to the CIA as a source.

A I would not use your words.

Q Use yours, please.

A I had a meeting with Mr. Hakim. I wrote up a memorandum on that particular meeting. I put it into the appropriate distribution mechanism at the Agency and people looked at Mr. Hakim's contacts that he claimed that he had, and they concluded that they had contacts that were better, and they did not want to pursue him, and the matter was dropped.

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Q Okay. If you can recall, how long had you known Mr. Hakim before you recommended him for the duties you just described with the CIA?

MR. MC KAY: Do you accept recommending him?

THE WITNESS: I don't. We're having a little problem here.

You're saying "recommended," and so forth. What I did is --

BY MR. WOODCOCK:

Q -- floated.

A I mean, it's not unusual for an intelligence officer to have a meeting with somebody, come back and write it up, and in the scope of that write-up, saying "I met Mr. Jones. I talked with him. He's got the following five interesting contacts. Are you interested in any of these contacts?"

If they are, then you start trying to put together a scenario for figuring out how to get to those contacts, not necessarily through the man that you met. It could be peeled off in any other different way. That's what I did. I met a man, wrote a memo, identified his contacts, put it into channels. I did not recommend. I don't recall recommending one way or the other, because I'd only met the man once at that time. I met him and I wrote it up.

Q That's what I'm trying to parse through here.

Before you wrote the memorandum, would it be fair to say you were floating him for whatever he may be worth to the Agency?

Is that a bad way to put it?

A No. I just simply was reporting a meeting. It's a standard operational procedure. You have a meeting with an interesting person. You report it. And that's what I did, and the people came back and said that they weren't interested, and I dropped it. I could have pursued it. I dropped it.

Q Just so I understand this. By the time you wrote the memorandum, you had had one meeting on which the memorandum was based; is that correct?

A That's my recollection.

Q Do you recall how it was that you had met Mr. Hakim?

A Yes. I previously covered that. I was introduced to him by Mr. Wilson.

Q Was the meeting that you has with him a social meeting?

A It was a luncheon.

Q Was that in the area here?

A Yes.

Q Was this somebody that Mr. Wilson thought you might be interested in, or did Mr. Hakim want to meet you? What were the dynamics of it?

A The only dynamics were that Wilson said, "Here's a guy that I know. I think you might enjoy having lunch with him."

Q Now at that time, were you ADDO?

A That's my recollection, yes.

Q For the record is the acronym for Associate Deputy Director of Operations?

A That's correct.

Q Now in the course of this luncheon that you had with Mr. Hakim, I gather it dawned on you that you were, indeed, having lunch with an interesting character, and you began to make mental note, at least, of the information that he was giving you about his background, and so on and so forth. Is that correct?

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A Right.

Q Was that information that you then transposed to the memorandum and put into the system; is that correct?

A That's my recollection of it.

Q Did you know of any particular needs that the Operations Director might have for someone like Mr. Hakim?

A At that time, Iran was in a state of flux. People were looking for enhanced coverage.

Q Do you recall knowing at that time that Mr. Hakim also knew Mr. Clines?

A I just don't have any memory of dealing with that whatsoever.

Q Do you recall enlisting or referring this matter, in any way, to Clines, to Mr. Clines?

A I wouldn't have any reason to, you know, from what I can remember, I wouldn't think that he would be -- I mean, you can find out these answers by going to the Agency and finding the memo.

Q If you've already covered this, tell me.

How was it that if you did ever meet, how did you meet General Secord?

A I covered it.

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Q Do you know whether you would have known General Secord at the time you met Mr. Hakim for lunch?

A Had I known Secord?

Q By that time?

A Yes.

Q You met him, I gather, in the Vietnam era?

A I met Secord in Laos, somewhere in the '66, '68 period.

Q Do you recall knowing, at the time you met Mr. Hakim, that General Secord was in a prominent position with the Air Force in Iran?

Would that have been something that you think you would have known at the time?

A Let's see. I don't know that I can relate it to that particular meeting.

I knew that Secord was in Iran. By then, I knew -- I think he was a general by then, when he was in Iran, but I can't link when I knew that against the specific one luncheon over here. I can't make a track for you.

Q That's all right. If you did meet, when did you first meet George Cave?

A I know George Cave, and I met him in the Agency, but I can't tell you, you know, I can't pin that down.

Q Would it be fair to say that by the time of your retirement in 1979 that you'd known him for several years?

A Yes. I had known him. The thing is, I don't know. I mean, my recollection is I knew him during that period. I knew him before '79.

Q Do you know whether the memo that you sent into the system on Mr. Hakim ever came to rest with Mr. Cave or whether he got involved in it at all?

A No, I don't.

Q How about Mr. Claridge? Do you recall him getting involved in that at all?

That would be Dwayne Dewey Claridge.

A I don't recall him getting involved with that, but he may have. I don't know. I don't have any memory of that.

(A pause.)

MR. WOODCOCK: I think that's all I have on that subject at this time.

Why don't we take a five-minute break, if that's all right?

(Recess.)

BY MR. WOODCOCK:

Q Mr. Shackley, I have only a few more questions for you. Let me direct your attention, if I may, to Manucher Hashimi again.

Following this meeting that you had on November 29, 1984, did you ever meet with him again?

A No.

Q That was the last meeting with Hashimi?

A Yes.

Q I had understood from your testimony that he had been a useful resource for you in dividing the goings on in the Iran-Iraq War.

Given that that's the case, why is that you didn't see any more of him after November of '84?

A He continued to talk with Mr. Razmara, and as I told you earlier, his English is less than perfect, and Mr. Razmara has been in touch with him.

Q So Mr. Razmara has been in touch with him since November of '84; is that correct?

A Right.

Q Does that continue up to the present?

A It's been some time. I don't know when the last time was that they talked.

Q From your understanding of Manucher Hashimi, is he considered a prominent person in the emigre community, the Iranian emigre community in Great Britain?

A I think here we have to define, he's not prominent as a political figure. I think he's a respected individual as somebody who continues to have an interest in the future of Iran.

Q I'm going to put some names out for you and ask you if they are familiar to you in any way.

The first name would be [redacted]

A I may have run across it in FBIS or something, but the name doesn't ring any bells with me.

Q How about [redacted]

A No. It doesn't ring any bells.

Q How about [redacted]

A No.

Q How about [redacted]

A [redacted] a fairly common name. You would have to tell me something about him or something, but the short answer is no, but it is a name that I've seen or read

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in FBIS or something like that.

Q He has an alias. Let me give you that.

[redacted]

A [redacted] No. That doesn't ring any bells with me.

Q He has another alias. [redacted]

A No.

Q How about [redacted]

A That name is familiar from FBIS or something like that. That's the kind of name that you see.

Q Do you know Charles Allen?

A Yes. I know Charles Allen.

Q From your days with the CIA?

A Yes.

Q Do you have any kind of ongoing relationship with him?

A No.

Q Have you had any relationship with him since leaving the CIA?

A No. I don't ever recall running into him. It's conceivable that I was at some big party or something, but I have no memory of running into him since I left.

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MR. WOODCOCK: That does it for me.

Mr. Shackley, thank you. Those are all the questions that I have.

FURTHER EXAMINATION

BY MR. HOLMES:

Q MR. Shackley, I'm wondering if you're familiar with the name of a company called Vinnell -- V-i-n-n-e-l-l?

A Yes, I know Vinnell.

Q Have you ever had a business relationship with Vinnell?

A I have not.

Q Have any of your companies had?

A We have not.

Q None of your employees?

A No.

Q What is the business of Vinnell, to your understanding?

A Vinnell, at one time ran the Saudi National Guard program.

Q When you say "at one time," your understanding is that they no longer do so?

A I haven't heard anybody speak of it lately, and

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I'm simply not up on it, so I don't know whether that's still on or not.

Q What was the Saudi National Guard program at the time that Vinnell was running it?

A Generally, what I know is that it was a training program for the Saudi National Guard.

Q It involved air support?

A I have no idea. I know nothing about it.

Q Do you know who at Vinnell was involved in that program?

A No. The only person that I know of that allegedly worked there in this program was a fellow by the name of George Morton.

Q How do you know George Morton?

e16 A Many, many years ago, he was in Laos.

Q You've kept up contact with Mr. Morton since then?

A I haven't seen him in a long time, but people will say, "I've seen George. he says hello." "If you see him, say 'hi,'" if someone who knows us says hi.

Q Who are you in touch with?

A Morton was a colonel or lieutenant colonel in

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the Special Forces or something. He's known to a lot of the Department.

Q What was his relationship with Vinnell?

A My understanding was he worked for them. That's all I know. I've heard others say that George Morton works for Vinnell.

Q Did he have a particular division or function?

A You're trying to make a silk purse out of a sow's ear. I know nothing further than what I was going to say.

Q When did your first meet Ollie North, or have you ever?

A Yes, I've met Ollie North once. I met him in it must have been June 1986.

Q In what connection did you meet him?

A When I was at a lawyer's office talking to Mr. Secord about the Miami suit.

Q In which lawyer's office?

A Mr. Green's office. I told you that before.

Q I didn't catch North's name.

A No.

Q This is a separate meeting?

A No, no. I was at -- no, this is not a separate meeting. I went to see Mr. Secord and his lawyer. While I was there discussing the Miami case, at some point in the meeting, North walked in.

Q Who was present? Yourself, Green, Secord, North? Anybody else?

A The meeting was Secord, myself and Green. All right. Then at some point during that meeting, North walked in. Shortly after that, I left.

Q That's the only time that you ever met?

A That's the only time I know that I've met him or seen him.

Q What did he say while he was there?

A He wanted to talk with Secord and Green, and it was clear that they weren't going to be talking while I was there.

Q Is North a defendant in that lawsuit?

A No. He's not one of the 29 in that suit.

MR. MC KAY: No.

Off the record?

(Discussion off the record.)

BY MR. HOLMES:

Q Do you ever speak about Mr. North with Secord?

A No.

Q Nor Hakim?

A No.

Q Have you ever heard of a man named Kevin Katke?

A Yes. That's that crazy newspaper article put out by the "Miami Herald."

Q I don't keep up with the "Miami Herald." You'll have to inform me.

MR. MC KAY: Oh, you're missing something.

THE WITNESS: We've been bombarded by all sorts of telephone calls, and some newspaper reporter was badgering us back here a couple of months ago that somehow or other a gaggle of people came into our office and were somehow trying to put together something with a medical supply operation to the contras. The story is that they had figured out that we were a conduit to CIA, and therefore, they were going to give us this proposal to evaluate, and we would send it to CIA for evaluation. Well, we chased that for several days to sort it out. We talked to the "Miami Herald," and they never got the story straight. They still claim that somebody came to our office, and one of the guys who allegedly was involved in this is a fellow by the name of Katke.

Q How was Katke allegedly involved?

A I don't know. He allegedly came to our office with this proposal, as I could unravel it.

Q And you're unraveling it from the media?

A From the media harassing us.

Q Do you know whether Kevin Katke was ever at your offices?

A No. I've talked to the people, and nobody seems to recall Kevin Katke. I certainly didn't meet him.

Q Mr. Jameson works for you, doesn't he?

A Right.

Q What would you describe his function as?

A He's a vice president of RAI. He is also a shareholder in TGS. He's an analyst.

Q What's his function? Analyst?

A Yes. He primarily covers the Soviet Union, Eastern Europe and Western Europe.

Q And Mr. Gillespie also works with you?

A Mr. Gillespie works in TGS.

Q Only?

A Yes. I think maybe at some point in the past

I used him on some RAI project, but his primary function is TGS.

Q Have you ever discussed with Mr. Jameson events in Grenada?

A No. Wait a minute. Katke. Maybe that's -- is this guy a black? There's somebody came into our office, because Jameson had the FBI in to talk to him a couple of times about somebody that they talked to from Grenada. I think I may have got the names confused here.

Q Let's sort it out gradually.

A Let's back off.

Q I didn't hear what you just told me. You said that somebody came in your office, because Jameson what?

A Now that you're talking on Grenada, can you help me clarify this thing.

Q Sure.

A Has Katke got something to do with Grenada?

Q He does, among other things. I don't know whether he also has something to do with --

A Well, then, I've had a slip here.

Q Let's back up and start in again from a different angle.

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A All right. If Katke is an individual tied to Grenada, there was a gentleman by the name of Katke, now that you mention Grenada, who came to our office, and he talked with Mr. Jameson.

Q Yes.

A I think he also talked with Mr. Gillespie.

Q All right.

A Subsequent to that, as I recall, Mr. Jameson talked to a couple of FBI people about the visit from Mr. Katke, the gentleman involved in Grenada.

Q I gather that Mr. Gillespie or Mr. Jameson told you about it.

A Yes. He told me that the FBI was coming in to talk to him about, you know, Grenada, and so forth, and this fellow, Katke. But that happened back quite a while ago, and I just got this in the wrong slot.

Q What did Katke have to say about Grenada?

A I have no idea. Talk to Mr. Jameson.

Q What did Jameson tell you about it?

A You know, basically, it was a guy came in and talked to him about Grenada. Grenada's not on our plate. I'm not interested in Grenada. It's not an oil producer.

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It doesn't have any oil, doesn't have any geological traces of oil, and I didn't fool with it. And Jamie does a number of hip pocket things like this.

Q Okay. What was it? Obviously, in a small business like that, when the FBI's coming in to talk to you about contacts you've had, and you're telling your boss why the FBI's coming in to visit your company, you give him a pretty decent explanation.

A No. I mean --

Q What did Jameson tell you about this?

A Jameson simply told me that he'd had a conversation with this guy. The guy had been in to talk to him about Grenada. He'd sat and listened to him, sent him on his way. Shortly thereafter, the FBI came in and wanted to know what they had talked about, and that was it.

Q All right. And what did Jameson tell you that he had told the FBI?

A That's what I just told you. Whatever subject matter was not an item of importance to me. I wasn't concerned with Grenada. I'm not interested in Grenada. I didn't ask him to write me a five-page memorandum on it.

Q Did he write you anything on it?

A I didn't ask him to write me anything on it.

Q Did he write you anything on it?

A I don't believe so.

Q Did anybody in your office write any memo to the file about it?

A I don't think so. I didn't look at Mr. Katke's name. I even had it confused with something else when you first raised it with me.

Q Your office -- you had a visit from the FBI about some prior business that had been transacted in your office, and there was no paper created about it?

A We've got a lot of things to do and creating paper is not one of them.

Q What was it, in general, that Katke had in mind when he came to your office and spoke with Jameson?

A What else can I say to you? I don't know. I didn't talk to the man. I didn't interrogate Jameson on what he talked to the man about.

Q And you're saying that Jameson never told you what his conversation was with Katke?

A He talked about Grenada, but I didn't pay -- it was not a matter of importance to me. I didn't retain

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anything. As you've just seen, I had the guy mixed up with somebody else.

Q That's different than forgetting that the FBI came in there talking to your employees.

A No. Jameson talks to the FBI quite frequently.

Q On this occasion, the FBI arrived to speak with Jameson; right?

A Yes. That's my recollection.

Q Katke had notified the FBI. They came an talked to Jameson.

A That I don't know. I don't know how the FBI got onto it. Maybe they were surveilling Katke. I don't know what they were doing with him.

Q Did you discuss with Gillespie what Katke was doing in the office?

A Well, my recollection is that Gillespie said I sat in while Jamie talked and one of his people had come in through the door. I mean, Jamie's always talking to people. He collects people.

Q Mr. Shackley, if you really didn't talk about this with your employees, then you'll remember not talking about it. Would it refresh your recollection, if I

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suggested that Katke was there talking about overthrowing the government of Grenada?

A He may have been, but, you know, really, if that is of that much interest to you, you ought to talk to these other people. I didn't sit in on the conversation. I didn't talk to the man, and it was not an item that was of interest to me.

Q When did you first meet Michael Ledeen?

A Michael Ledeen? I met him after I left the Agency, maybe 1980, maybe 1979. Somewhere in there.

Q Let me ask you a few more questions along this Grenada line.

Have you ever heard of Vista, International?

A No, I don't think so.

Q A company headquartered in Florida.

A No. That doesn't ring any bells with me.

Q Do you know about Mountel -- M-o-u-n-t-e-l?

A There's a fellow who has a name something like that. Is this guy an ex-Special Forces major or something like that?

Q That would make sense.

A He is somebody that is known to Mr. Gillespie.

I think he may have been in our office. My recollection is, he may have been in our office one time after he retired from Special Forces.

Q What does Bob Mountel do for a living?

A I have no idea.

Q Was this visit to your office also in relation to Grenada?

A No, not that I recall. He was looking for work for some corporate group that he was putting together, of security specialists, if it's the same individual.

Q Do you know of a man named Dick Gadd?

A I've only seen his name. I do not personally know him.

Q Do you know of him? Have you heard his name before it came out in hearings?

A No, I don't. He's on this list here. Richard Gadd, but I don't know him. I've never heard of him.

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Q Do you know of [redacted]

A It's on here. Santa Lucia Airways. That's all I know about it [redacted]

Q You had never heard of it before it came out in the hearings?

A No, not that I know of.

Q Did you have any connection with Southern Air Transport?

A Well, I know Southern Air Transport back in the days when I was in the government, but I haven't had any contacts with Southern Air Transport since I retired.

Q What contact did you have with them when you were in the government?

A I knew that they did work for the government, and I think that's all I can tell you, in terms of my obligations under the secrecy agreement.

Q Your obligations under the secrecy agreement are not implicated in any way by testifying under oath.

A You're not supposed to discuss the sources and methods. I mean, if you say to me, "Is Mr, ABC a spy? Was he in penetration of the Politburo." or something like that, you know, I'm certainly not going to tell you that. I'm going to go back to the Agency.

Q Let me ask you, since you have been retired, have you had any contacts with Southern Air Transport?

A No. I just told you that. I have not.

Q Or with any of the people that work there?

A Not that I know of.

Q Before I get further afield, I want to ask about the allegations. I think they must be in the lawsuit, but if they're not, they're made by the Christic Institute people on the radio and wherever, about activities in the Bahamas known to the Christic Institute as the "Fish Farm."

Are you aware of the allegations I'm talking about?

MR. MC KAY: I've heard Sheehan make it on the radio. What is the purpose of this, and why are you investigating the Christic Institute's allegations?

MR. HOLMES: I'm not.

MR. MC KAY: That's exactly what I'm concerned about, about this whole matter. It's all going to go over -- it's not going to go over to them, but something's going to go to them. Mr. Sheehan, as he tells us in his letter, tells us frequently how close contact he has with the committee. I don't know what purpose you have going through. If it's something related to Iran or Nicaragua -- I don't think the Fish Farm is. I don't know what the Fish Farm is. But Sheehan has talked about it on the radio. That's something he's very interested in pursuing. I'm very concerned about talking about whatever the

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Fish Farm is in pursuit of his allegations.

MR. HOLMES: Our mandate is broader than just Iran and Nicaragua. It includes secret military assistance to any part of the globe. Also, it is a matter of concern to us, from an oversight point of view, whether or not paramilitary operations, such as I understand the Fish Farm allegation is, have gone on and are going on, whether or not, it's really --

MR. MC KAY: Is your mandate broader than what's in the committee resolution?

MR. HOLMES: No. That's the resolution.

MR.MC KAY: I may be misreading it, because I've misread other things that you read differently, but I don't see where there's this broad reference to military supplies anywhere in the world. Is that what you said?

(A pause.)

MR. HOLMES: Well,"This use of proceeds from any transaction in Nicaragua or any other foreign country to further any political purpose or activity within the United States or any other country or further any other purpose of any nature whatsoever."

MR. MC KAY; But it's proceeds from the sale.

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Is that Iran?

MR. HOLMES: As I understand his allegation --

MR. MC KAY: I don't think that's his allegation.

MR. HOLMES: I'm not claiming to understand his allegation, but I listen to him on the radio.

MR. MC KAY: I'll let Mr. Shackley answer this one, but I'm not going to sit here, if I can avoid it, and go through the Christic lawsuit, because that's not a proper purpose of the committee. It's an outrageous thing that he has to spend money defending against. It's more outrageous having to sit here answering questions about the lawsuit.

MR. HOLMES: I can understand your sentiments, but I am sure you can understand that the committee would like to hear from his own mouth that it didn't happen.

MR. MC KAY: I don't agree with your interpretation of this. I'll let him answer this question, and we'll deal with the others as they come up.

THE WITNESS: How about restating the question?

BY MR. HOLMES:

Q I was just laying the foundation in that question, and that is, are you familiar with the allegation of the existence of something called the "Fish Farm" in the

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Bahamas?

A No. I have heard tapes or excerpts from tapes by the Christic Institute making some reference to the Fish Farm. I don't know what the Fish Farm is.

Q The allegation, as I understand it, is that there is an organization, or I should say, a group of individuals who are gathered together and located in the Caribbean, who have, as one of their purposes, covert paramilitary activity directed against communist interests worldwide, and of course, in particular, in Central America.

MR. MC KAY: That's your statement of the allegation. What's the question?

MR. HOLMES: That's how I understand it.

BY MR. HOLMES:

Q My question is, are you familiar or have you ever heard from any source whatsoever that such an organization or group of individuals exists?

A Other than what?

Q Other than the allegations made in the Christic lawsuit.

MR. MC KAY: It's not in the lawsuit.

THE WITNESS: He's made this on tapes, I think.

That's the only -- in his various -- whatever you want to call it.

MR. MC KAY: You don't need to go through that. Do you know anything about this?

THE WITNESS: I don't know anything about the Fish Farm.

BY MR. HOLMES:

Q Have you been to the Bahamas?

A Yes, I have.

Q On a number of occasions?

A Since -- how about defining it?

Q Since, say, 1980.

A Yes, I have been down there a number of times.

Q Approximately how many times?

A It would be hard for me to guess. I've been down there on business relative to the food business, I told you before, importing from Argentina to the Bahamas.

Q Is that your only business in the Bahamas?

A No. I have put in a modular storage system for the Bahamas Electric Company.

Q Have you had any other business in the Bahamas?

A No. I have been negotiating for the purchase of an island down there, but I have not concluded that.

Q Which island is that?

A It's an island called Little San Salvador.

Q From whom are you negotiating the purchase?

A From the current owners of it, which is a Bahamian Corporation.

Q Who are the people involved in the corporation?

A The main individual is a Bahamian lawyer by the name of Peter Christie.

Q Is he a principal or is he an agent?

A He's also a principal.

Q Who are the other principals?

A I don't know that I have all the names with me right now, because I've been dealing with him. He's a fellow by the name of -- I think one of the owners is a fellow by the name of de San Phalle.

Q For whom are you negotiating the purchase?

A For Mr. Dois.

Q What's the purpose of the purchase?

A A possible site for a residence and/or a corporate headquarters.

Q Not necessarily relating to the oil business?

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A I don't know what his plans are beyond what I've just told you. Residence and/or corporate headquarters.

Q And the site of the island?

A I've forgotten how many acres it is. It's a fairly sizable island.

Q Under 100 acres?

A I think it's more than 100 acres. I just don't have the legal description of the island.

Q Have you ever met in the Bahamas with anybody who has been associated with, past or present, any special operations or paramilitary organizations?

A No, I have not. I don't recall having any meetings there.

Q Have you ever engaged in business related to counterinsurgency programs?

MR. MC KAY: Is this arriving from funds generated by activities in Iran? Again, I don't see what it has to do with the mandate.

This is Mr. Sheehan, pure and simple.

MR. HOLMES: This particular question relates to Mr. Ledeen.

MR. MC KAY: And if this question arises from

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Mr. Sheehan --

MR. HOLMES: I never heard Sheehan talking anything about Mr. Ledeen.

MR. MC KAY: You're talking about counter-insurgency. The complaint is full of 30 years of counter-insurgency. That's what the bulk of the Christic suit is about.

MR. HOLMES: Let's start with Mr. Ledeen again.

BY MR. HOLMES:

Q You know Mr. Ledeen.

A Right.

Q You've met him since he retired.

A Right.

Q Have you and Mr. Ledeen ever engaged in business together, discussions of business?

A Yes, we have.

Q Would you detail those discussions, please, chronologically.

A I'd say, back in 1980, we put on sort of a war game-type exercise in Italy.

Q For whom did you put on the exercise?

A For one of the Italian security services.

Q Which one?

A I think it was the military service.

Q There's an acronym?

A I think it's SISME. It's the Italian Military Intelligence.

Q You were paid for that activity?

A Yes, I was paid for that activity by Mr. Ledeen.

Q Was it a contract that he had with the military service that you were subcontracting on or what?

A I gave a series of lectures based on my book.

MR. WOODCOCK: That book is "The Third Option"?

THE WITNESS: Right.

BY MR. HOLMES:

Q Were you or Mr. Ledeen seeking further business with the Italian military service?

A I was not.

Q Was Mr. Ledeen?

A I think Mr. Ledeen had other proposals for war game type exercises pending that he had either put proposals forth on or had proposals pending or was thinking about putting proposals forward.

Q You had discussed those proposals with him?

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A No. I knew he was involved in them and was putting proposals together with other people.

Q Had you ever discussed with him or any of these other people the possiblity that you could provide equipment for any activity that he later was going to get a contract to you?

A No.

Q Have you ever provided that kind of equipment?

A I have not.

Q Would you be in a position to provide, what I hestitate to call "counterinsurgency" equipment?

MR. MC KAY: Do you know what that means?

THE WITNESS: You'd have to give me a definition of what you are talking about, in terms of counterinsurgency equipment.

Would I be in a position to provide counterinsurgency equipment? I don't know what you mean.

MR. MC KAY: I'll also object on the grounds of relevancy. I don't see what difference it makes if he could or could not do it, if he hasn't done it.

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BY MR. HOLMES:

Q Did you provide equipment to the so-called

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"war game exercise"?

A I did not.

Q Who did?

A There wasn't any equipment.

Q What was the exercise?

A The exercise was a series of lectures, and what, in essence, is a command post exercise, where you're exchanging paper to create scenarios.

Q So there was no field activity at all?

A None. It's like a war game exercise. You have participants on various teams. You create scenarios. People respond.

Q Since that time, have you had any contacts with Mr. Ledeen?

A Yes. I've stayed in regular contact with Mr. Ledeen. I've tried to do some oil business with him.

Q Is that the only business you've discussed with him since then?

A That's the only business I can think of. He also was in touch with Mr. Jameson. He and Mr. Jameson were pursuing some oil concessions, separate from what I was doing.

Q When you said he was in touch with Mr. Jamesen, you mean, you were permitting Mr. Jamesen to operate as a free agent outside of the corporation?

A Yes. Mr. Jameson has money of his own. He's made some investments, and he was pursuing some activity related to those investments.

Q Does the corporation pass on those kinds of opportunities when they arise and put a letter of "no conflict" in the file or something?

A No. Jamie might mention it to me and say he's doing this. Am I interested in it? If I say no, then he goes on and pursues it.

Q No memo to cover it?

A No.

Q So what did Mr. Jameson tell you with regard to this contact with Ledeen?

A They were working on some oil activities, and I thought it was a nonevent and didn't want to waste my time with it, and if he wanted to pursue it with Mr. Ledeen, that was fine.

Q Where were these oil concessions?

A I think they were dealing with a company in

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Texas.

Q That's where the company was; where were the concessions?

A I think Mr. Jameson has a piece of a concession or had a piece of a concession in, I think it was either Honduras or Guatemala.

Q Now the oil business that you discussed with Ledeen, was that corporate business?

A Yes, that was corporate business. I was interested in pursuing at one time an opening to Nigeria. Mr, Ledeen and I thought that because we saw Portugal was buying from Nigeria that that might be a possibility. There have been several coups in Nigeria, and I've forgotten which coup it was after, when everybody's lines of communications were broken, and I was trying to get into the Nigerian market.

Mr. Ledeen introduced me to a leading official in the Portuguese Oil Company.

Q Will there be references to that in the documents you provided?

A Yes, I think there's correspondence there.

Q How would it be filed? Under "Ledeen"?

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A No, I think it's probably under -- it's probably in the folder titled "Petrogal (Pedro Perez de Miranda)."

Q Is that the person you were introduced to?

A Yes.

(A pause.)

Q Have we completely catalogued your discussions with Mr. Ledeen?

A Yes, as far as I can think of it. There's oil with me, some oil deals that he worked on with Jamie. The oil concession area.

Q For whom was Ledeen dealing in these oil deals?

A As far as I could see, he was dealing for himself. He was trying to be a broker and put a deal together and get a percentage of it, of the deal.

Q Does he have any expertise in the oil industry?

A No, but that doesn't mean anything. Guys try this all the time. During tight periods in the market people are around trying to put these together all the time, based on the fact that they know somebody.

Q So he's daisy chaining on daisy chains.

A Right. That's why, a lot of these, I won't fool with. That's why I'm not interested in some of them.

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Q Apart from those arrangements, has Ledeen ever collaborated with you in the risk analysis business?

A I think maybe on a couple of occasions he's written some papers for me.

Q What about?

A Probably about the Italian political scene.

Q As it related to oil?

A No, just in terms of -- can I look through the file here? It may refresh my memory on that, and I'm getting tired, and you're asking me a lot of different questions.

MR. MC KAY: Off the record.

(Discussion off the record.)

THE WITNESS: He wrote a paper for me on the Fanfani government. That was in December of '82.

Let me just flip through this real quickly, and I'll see.

(A pause.)

Mr. Ledeen did introduce me to something called The Young Presidents Organization. These are CEOs of fast-growing companies. The criteria was, to be a member of this organization, you had to have gross receipts of something like $20 million or $25 million a year, be under age such-and-such, and so forth.

They put together seminars, trips and travel, and so forth, and Ledeen introduced me to a couple of these people. They wanted me to participate with them in a trip either this year or next year -- no, the fall of '87. I told them I can't do it.

BY MR. HOLMES:

Q Other contacts with Ledeen from '82 forward?

A You know, I'm in -- we discussed the business, you know, and I tried to describe to you what the business is, and I am in touch with him on a social basis. That's what occurred on this Iran situation. I was having a periodic lunch with him in May of 1985, when he asked me at lunch -- he probably said to me, "You spend a lot of time covering the Middle East. Have you got any bright ideas on how we can get the hostages out?"

I said, "No, I don't have any bright ideas."

And then, after a while, I said, "You know, but back last year, I met these people, and I had an experience. I turned in a paper, and I heard from the State Department, they weren't interested."

And he said, "Gee, that's interesting. You know, could you give me an update on that, and could I get the original paper? I'll turn it in to somebody in the NSC."

Q Is that the first time he'd ever mentioned that paper to Ledeen?

A Yes.

Q Is that the first time you'd ever mentioned the events of November 20, '84, to Ledeen?

A To the best of my knowledge, yes.

Q Why is that? Why hadn't you mentioned it to him before?

A Why should I mention it to him?

Q He's at the NSC. He's supposed to be working on counterterrorism.

A No. You mean -- I keep my own counsel. I don't run around and tell everybody that I meet for lunch everything I'm doing. Why? That's not my personality. Maybe it's yours, but that's not mine.

Q In any event, you didn't tell him?

A No.

Q Who had you told since November of '84 about that meeting?

A I don't recall telling anybody except the

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people in my office.

(A pause.)

You seem to think I should be out there advertising this thing. I had a meeting; I reported it. Bang! Finished!

Q I don't want you to read into my questions. I just want to know what you did.

EXAMINATION

BY MR. SABA:

Q On your topic, do you know if Mr. Ledeen during the period '84 to the present was in the employ of any government or any government agency, U.S. or otherwise?

A Since '84, the only thing that I know of is, he has said that he was an adviser to the National Security Counsel.

Q Do you know if he was employed by any other government in any capacity?

A No, not that I know of.

Q Do you know if he was an adviser or consultant, either to Mr. Schwimmer or to Mr. Deraudy?

A Those names have never come up in conversations between us. I have no knowledge of that.

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Q Do you know if he was a consultant to any Israeli company?

A I never heard him mention anything about that.

Q Or person?

A No, I never heard him mention anything like that.

MR. SABA: That's all on that line.

MR. HOLMES: I think this would probably be a good enough time to break.

Why don't we say 9:00 o'clock on Monday?

MR. MC KAY: I've got a meeting I really need to attend for an hour, starting at 8:30, so we could be here by 10:00.

It's something that's been set a long time. I didn't know you were talking about starting that early.

(Discussion off the record.)

(Whereupon, at 4:45 p.m., the taking of the deposition was adjourned, to reconvene at 10:00 a.m., on Monday, September 21, 1987.)

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TRANSCRIPT OF PROCEEDINGS

UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF THEODORE G. SHACKLEY (Continued)

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Washington, D.C.

Monday, September 21, 1987

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Partially Declassified/Released on 24 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF THEODORE G. SHACKLEY (Continued)

Washington, D.C.

Monday, September 21, 1987

The second day of the deposition of THEODORE G. SHACKLEY, called for examination at the offices of the Senate Select Committee, Suite 901, the Hart Senate Office Building, at 10:15 a.m., before LOUIS P. WAIBEL, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

CAMERON HOLMES, Esq.
Associate Counsel
TIMOTHY WOODCOCK, Esq.
Associate Counsel
JOHN MONSKY, Esq.
Associate Counsel
United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition.

eclassified/Released on 2 Nov 88
der provisions of E.O. 12356
ohnson, National Security Council

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JOSEPH P. SABA, Esq.
Associate Majority Counsel
  United States House of
  Representatives Select
  Committee to Investigate
  Covert Arms Transactions with Iran

JACK MC KAY, Esq.
Shaw Pittman Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C.
  On behalf of the deponent

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PROCEEDINGS

Whereupon,

THEODORE G. SHACKLEY

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION

BY MR. HOLMES:

Q Mr. Shackley, when we left off in the last session of this deposition, we had before us these two boxes of exhibits, which became Exhibit 6 and Exhibit 7, from RAI and TGS, respectively.

Have you ever been associated with any other corporations other than these two?

MR. MC KAY: Let me just ask, would you define what you mean by "associated"? I mean, he has perhaps been an employee or a consultant or whatever.

MR. HOLMES: Sure.

BY MR. HOLMES:

Q I mean, in this question, to be as broad as possible. In other words, an employee, agent, director, officer, a person with substantial control over the affairs of or representative of any corporation.

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A I think I told you the last time we talked that I had done some work for a corporation called API Distributors, and we discussed that rather thoroughly.

Q So there was API. Any others?

A There was IRT, which was a company that was -- and SSI.

Q Let's just get the list first. Then we'll go down and explore them, if necessary.

Are there any other corporations that would belong on this list?

A No. Then I told you the other day that I did some consulting work for the sequence of Hakim, Triangle Associates and Stanford Technology. And for a short period of time, I did some consulting work for EATSCO.

Q Any others? We talked a little bit about Trans-World, and that's also a consulting business.

A We talked about Trans-World and its various entities.

Q Are there others?

A You know, I can't think of --

Q Was --

A Again, go back to the basic question. I'm not a director or haven't been a director or a stockholder, and I have done work for these companies as a consultant. I'm just trying to think who else I might have done consulting work for, but I don't think that that's the scope of your question, is it?

Q If you were a consultant for a corporation on a long-term or substantial basis, that would be within the scope of the question.

MR. MC KAY: We may have given you more than you asked for. I would say for the record, I don't want the record to imply, because he listed these, that he's been consulting for them on a long-term basis.

MR. HOLMES: Sure.

THE WITNESS: I did some consulting work for a company called Bernstein Brothers. I'm having trouble now trying to think who all the various people were that I did consulting work for, but I think that's as close as I can recall at this particular point. There might have been some other companies.

BY MR. HOLMES:

Q Before we go on to discuss these corporations, I would like to ask you the same question again with regard to any other entity or association. In other words, a group

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of people who are not necessarily incorporation, to include partnerships, joint ventures, associations, foreign corporations, foreign businesses that are not incorporated, in the sense that we use the term in the United States.

A I think, you know, on the TGS and the Kuwait project, we do have a joint venture for one of the warehouse projects we did in Kuwait.

Q And the name of the joint venture is?

A I can't think of it. It's in the file. For the moment, you know, I got a blank.

Q We'll call it the Kuwaiti Joint Venture.

A Yes.

Q And it's in the file?

A The company is a conduit and foundation.

Q All right. Let me get it straight. Is that your joint venturer?

A Yes.

Q And is that also the name of the joint venture itself?

A No. The joint venture is TGS International/Conduit and Foundation Corporation.

Q All right. Then let's continue with this list.

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A At the moment, I just can't think of any other that would be a joint venture.

Q Remember, this includes things other than joint ventures -- associations, partnerships, and even governmental agencies.

A The only government contracts I have had is with TGS International and has been the U.S. government contract, foreign military sales, contracts with Kuwait.

If you let me look at the files in the TGS, I think there's a rundown there, because we had the first construction warehouse project that we did in Kuwait was with Lockheed. And I forgot whether we were a subcontractor. I think we were a subcontractor to Lockheed.

MR. HOLMES: You're certainly welcome to look at the files any time you want. I just rushed past it, because I wasn't particularly interested in the Kuwait project.

THE WITNESS: I'm just trying to go down this list. I can't think of any other joint ventures that we had. I certainly had no partnerships.

BY MR. HOLMES:

Q All right. Let's return to the two lists that we have created.

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We discussed API.

A Yes.

Q And we have discussed SSI. We discussed all of your associations with Triangle Associates.

A Yes, as far as I know, we have gone through that.

A And also with STC -- Stanford Technology Corporation?

A Yes. Based on what we covered the other day.

Q Based on what we covered the other day and also with STGI?

A I don't think I ever did any work for STGI. I was very careful to tell you that all of my correspondence, as far as I am concerned, was with Stanford Technology Corporation.

Q Very well. We have discussed at least some of your dealings with Trans-World Oil, so we'll check that off for the moment. That leaves IRI.

What association have you had with IRT?

A That was a company that Mr. Clines had that was essentially an international trading company. I think I talked with you before. It was a company that we tried to do international buying and selling. It was primarily during that period of time, dealing with the sales of

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agricultural canned products and so forth to the Bahamas.

Q The name was International Trade and Research?

A Right.

Q Did you ever have any equity position in that company?

A No, I did not.

Q You were strictly a consultant?

A Right.

Q You never participated in any funding of the company in any way, shape or form?

A No. And I was not paid by them, except for expenses.

Q Let's move down to EATSCO. This is Egyptian American Transportation Company; is that correct?

A Egyptian American Transport Company, I think it was, but it may be Transportation. I don't remember the full title.

Q And when were you first associated with that entity?

A I did some consulting work with them for about three months. Three or four months, as I recall.

Q Would that be reflected in records that you

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provided us?

A I don't think so, because if I'm not mistaken, I think that was probably 1980, maybe '81. I don't remember the exact period. It was either '80 or '81, and it was about a three or four-month period there that we had turned out some papers for them.

Q What was the nature of your consultancy?

A They were interested in expanding their business in several areas. They wanted general papers on the political/economic climate in these countries, as I recall.

Q Which countries did you examine for them?

A You know, that's been a long time ago. I don't remember, specifically. That's seven years ago. That's a long time ago. I'm having trouble thinking what countries they were. I think one of them may have been Pakistan.

Q Did you produce papers for them?

A Yes.

Q What was the approximate total of payment you received from them?

A Probably somewhere in the neighborhood of about $8000 was the total. I'd say about three or four months we did work for them.

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Q Would that be a net or gross figure, including travel?

A I didn't do any travel for them. It was all turning out papers.

Q And for whom did you work, specifically? What individuals did you report to?

A A the particular time period, the two people that I dealt with were Mr. Salim and Mr. Clines.

Q Had you ever met Salim before?

A Before I started doing these papers for him?

Q Yes.

A Yes, I think I had met him prior to that, yes, but I don't remember exactly when. Maybe early in 1980.

Q How did you meet him?

A I met him through Mr. Clines.

Q Did you have anybody else help you do the work?

A Well, whatever people were employed with me at the time were helping to turn out the papers. I didn't turn out every paper myself.

Q Who were they?

A I can't tell you who worked on the papers. I've having trouble even remembering the papers, let alone the --

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Q So it would have been just your staff people? You didn't go outside to an outside consultant?

A I don't recall going to an outside consultant for anything that we were doing for them, no. I don't recall that.

Q I gather you had some discussions or one or more discussions with Salim and Clines about why you were being asked to do this work, and it had something to do with the expansion of EATSCO?

A They were interested in other parts of the world. I had the impression they were interested in expanding into other parts of the world.

Q What is it that they were expanding?

A My impression was that they were in the transportation business and that they were looking at the possibility of expanding their transportation business.

Q Have you ever dealt with an R. G. Hobleman Company?

A Yes.

Q What has been the nature of your dealings with Hobleman from the beginning?

A Hobleman was, essentially, a freight forwarding company. I used them to arrange shipping from places like

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Argentina to the Bahamas, when food containers -- containers of corned beef, for example, were purchased. The freight forwarding, we used R. G. Hobleman to arrange that.

Q When was the first time that you had any dealings with R. G. Hobleman people?

A It's hard to say. Possibly sometime in 1979, after I retired and started working on some of these. Maybe 1980. I can't be more precise than that.

Q In any event, it was during your association with Clines and his various companies?

A Right.

Q API, IRT and SSI?

A Yes. My main recollection of R. G. Hobleman is in the context of moving food products, and that would have been with IRT. And there were such things like corned beef from Argentina, corn from Canada and things like that.

Q How did you first make contact with R. G. Hobleman?

A I don't know. I met the principal officer in that company, a fellow by the name of Gragga. I think it's G-r-a-g-g-a. That's the best I can do for you. That's phonetically.

Q All right. How did you first make any contact

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with any R. G. Hobleman people?

A I think my first contact was with Mr. Gragga. I think I met him in a social context through Mr. Jameson.

Q And that would have been in the period immediately after your retirement sometime, or was it before your retirement?

A I don't recall. My first memory that I can recall is after I retired.

Q Had R. G. Hobleman or any people affiliated with them done work for the CIA, to your knowledge?

A Not that I know of.

Q And to clarify the record, they could have done work, and you didn't know about it?

A Right.

Q In a compartmentalization type situation?

A Right.

Q Had they every done work for Clines prior to the time that you met Mr. Gragga in a social situation?

A I have no way of knowing that. I mean, I have no way of knowing that.

Q They became the freight forwarder implemeter for the EATSCO operation; correct?

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A Yes. I know they did a lot of work together, but exactly what the nature of their relationship was, and so forth, I'm not familiar with that.

Q What I'm getting at is, did you know Gragga first, or did Clines know Gragga first?

A That I don't know. I told you I met him -- the best recollection that I have is, I met him through Donald Jameson.

Q But your early association with him didn't discover the fact that he was a longtime associate or business associate or even a person that Clines knew?

A No. As I say, my memory of his is, I met him through Jameson, and that's all I can remember about the guy.

Q Had he ever done any work with Jameson?

A No, I don't know where they met. Let's see. That's a long time ago. I'm having trouble dredging this out of my memory. I just can't remember where they know each other from or even if I knew.

Q All right.

Did you later become familiar with or hear of the business name of Air Freight International?

A I'm not familiar with Air Freight International.

Q They were a subsidiary of R. G. Hobleman in association with EATSCO.

That doesn't help you at all?

A No. In that period of time, I was not involved in air freighting anything, so had no reason to be involved with them, or it's not a name that rings any bells with me.

Q Your consultancy with EATSCO didn't touch on air freight possibilities?

A No. All it consisted of was doing basically papers for them.

Q Do you have access to those papers now?

A I don't know. I haven't gone back. Maybe I do. I don't know.

Q If you do, could you produce those at a later time to the committee?

A Well --

MR. MC KAY: We are already back 5-1/2 years. We are now talking about going back seven years. I have serious trouble knowing what any of this has to do with the committee's mandate.

If you want to subpoena documents going back another two years, obviously, we'll have to deal with it, but

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why don't we take this one down, and without my responding to it, see what else you're asking for.

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MR. HOLMES: All right.

BY MR. HOLMES:

Q After this consultancy with EATSCO, you had no further dealings with Salim?

A No. Basically, I don't recall that even. I'm having a little trouble putting this into perspective, you know, the time sequence. I met Salim's brother, who is an oil geologist, but I can't remember when that was. I had some correspondence with him for looking at oil concessions.

Q Would those be the oil concessions that we previously discussed, the same concessions?

A No. The same concept. The same concept. But nothing came of that. He was already working for a couple of other oil companies. I'm trying to think of them. I can't think of anything else at the moment.

Q Did you ever attend any meetings with any other people at all, in which EATSCO business opportunities were discussed?

A No, not that I recall.

Q Did you ever discuss the business of transporting

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military materiel from the United States to Egypt with Ed Wilson?

A No, I don't recall having any conversations with him on that kind of subject.

Q Did you ever discuss it with anybody in his presence?

A Not that I know of.

Q Was this consultancy with EATSCO your first association with any venture dealing with the transport of military equipment from the United States to Egypt?

A I wasn't dealing with any transport of equipment to Egypt.

Q EATSCO was?

A As I told you, I did papers for EATSCO. I didn't have anything to do with the transport of the equipment.

Q I understand that. My question is whether you had any discussions about that project. I'm trying to get at when you first found out about this opportunity -- this business opportunity to transport military materiel from the United States to Egypt.

MR. MC KAY: You mean EATSCO's business?

BY MR. HOLMES:

Q Which became the business of EATSCO.

A I know that at some point in time that Tom Clines was talking to Hussein Salim about forming a company with him, and so forth. I vaguely remember that kind of a discussion, and so forth.

Q Do you know whether there were any other individuals that Clines of Salim spoke to with regard to that opportunity?

A Not that I can recall.

Q Do you know whether Clines spoke to Erich von Marbod about that business opportunity at any time?

A I really don't know. I don't have any recollection of anything like that. I remember Clines talking about trying to get into this kind of a business, that was basically what he was interested in it. My doing was to help him get some of these other companies going while he went off into another area of activity.

Q Did you hear from any source during the period of time when Clines was interested in dealing with this business opportunity, that Ed Wilson was in any way associated with that venture?

A No. I don't recall that he was associated with that venture, no.

Q That same question with regard to Erich von Marbod

A No.

Q Richard Secord?

A Not that I recall. I know that Clines borrowed some money from Wilson, but that's in the broad context of things, but I don't recall the specific venture.

Q And what is your source of information on the borrowing of money by Clines from Wilson?

A I heard him talk about it.

Q You heard Clines talk about it?

A Yes.

Q And what was the amount of money?

A I don't recall. It was a fairly substantial amount of money, which I know he borrowed from him and subsequently repaid.

Q Do you have any other sources of information, other than Clines?

A No, not that I can think of at this point.

Q Were you ever present when Clines discussed that loan with anybody else, for example?

A No, not that I can recall at the moment, no.

Q When you say it was a fairly substantial amount of money, does half a million dollars sound --

A It was in hundreds of thousands. I don't remember how many hundreds of thousands it was, but it was what I regard as a substantial amount of money.

Q And it was at what time?

MR. MC KAY: That he heard of this from Clines?

MR. HOLMES: Right.

THE WITNESS: It would probably have to be in 1979, somewhere in that time period of 1979-1980.

BY MR. HOLMES:

Q So it was the same time period when you and Clines were in business together and before you struck out on your own?

A Right.

Q Well, have we covered EATSCO? Is that your last association with EATSCO or Salim?

A I don't recall anything else. I think at one time -- I have to remember the sequence. I looked at some trucks. It wasn't for EATSCO. I think Salim was looking at another opportunity and asked me to look and see if I could research what trucks were available on the market. I know I looked at some trucks. They were GMC trucks manufactured, maybe, in the United States with Mexico or something, but nothing came of that.

Q The ultimate destination of the trucks was to be Egypt?

A I don't remember where the ultimate destination was. It was something he wanted to bid on.

Q Did you have any other business dealings with Clines, other than what we discussed previously?

A No, not that I can recall.

Q Let's move down to the Bernstein Brothers, and if you could just sketch for me the relationship with the Bernstein Brothers.

A Bernstein Brothers is a Colorado sort of investment company, and I did some work for them in looking at some issues relative to offshore oil concessions off the West Coast of Florida.

Q During what period of time was this?

A I don't know. That could have been '79, '80, '81. Somewhere in that period.

Q Is that the only business you have done with

Bernstein Brothers?

A yes. That's essentially it. I think I wrote some written papers for it. There were some drop copies of papers on oil-related matters.

Q Would this be, in general, your oil intelligence type service?

A Yes. I think at one time, he was interested in Guatemala oil potential, and I think that's when Guatemala was coming on stream.

MR. HOLMES: Would you like to?

EXAMINATION

BY MR. WOODCOCK:

Q Mr. Shackley, again, I'm Tim Woodcock, also with the Senate Committee.

Mr. Shackley, when did you become ADDO, Associate Deputy Director of Operations?

A I think in May or June of 1976.

Q Now, in that capacity, did you have much experience wi[illegible] I think, then, the relatively new law governing findings, covert action findings?

A You know, I know when the findings came in. Once the rules came in, basically, if you had anything that appeared to be in that particular area, that was a whole new art form that was being crafted.

As I recall, that went through a number of changes over the years as to what was to be included. But I wouldn't want to say my knowledge of the findings started when I became ADDO.

Q I guess, in that capacity, you had some experience with findings, the findings process?

A Right.

Q And it was in an evolutionary stage at that time?

A Right, as far as I recollect.

Q Let me ask you this. Really, what I'm asking at this point are policy questions based on your experience as a former ADDO. In the course of this investigation, we have come across instances in which findings have been entered to cover activity that has already occurred, that is, covert action activity that has already occurred.

Was there anything like that in your experience as ADDO?

A I can't recall any. No, I don't think so.

Wait a minute. Once you went from one procedure to anyother, I think the first series of findings that went in covered what had gone before, because this was a new art form. After that art form started, I don't recall any that were ex post facto approval.

Q Now, based again on your experience as ADDO, do you have a feeling or opinion as to the advisibility of such procedure, basically, a ratification of prior actions -- covert actions?

A I could only see that basically hapening in some dire emergency, where something might happen, where some event would come up and the director would go talk to the president, and it would be a short, fast-breaking kind of situation. But then in a matter of days, you would catch up with it.

Q You never actually had that experience?

A No. I mean, you know, if you ask me a theoretical question, could it happen, or could there be a set of circumstances in which it would be applicable, that would be the only time that I could envision.

Q The statute, as currently drawn, does not appear to provide any leeway for that kind of event.

Do you have any feeling as to whether it ought to be drafted to provide for such a contingency?

A Well, you know, I think foreign policy events sometimes are fast-breaking, and it seems to me, in order to have some short-term basis for taking action, if it's appropriately staffed. In other words, I could see a situation developing where the Congress is not in session, and you don't want to get on an open phone to talk to somebody across the United States, and the director goes to the president, gets approval from him and has to do something in 24 or 48 hours, and it's necessary to put a courier on the airplane and send a briefer to brief whoever is supposed to be briefed. I see it as a very short-term kind of thing.

Q Let me, along the same line, in the event that you're faced with a fast-breaking series of events that requires a covert action response, do you have an opinion as to whether the covert action findings should always be in writing or sometimes not in writing?

A Given the way things work, I see no reason why it can't be committed to writing, and that's generally the way it's been dealt with. I know of no verbal finding. I'm not aware of one.

Q Given that there is a finding process -- let me rephrase that.

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A As ADDO, how did you view the written finding system? Did you view that as basically a jursidictional mandate for you that you could operate within the permises of the finding and not otherwise?

How did you interpret the finding?

A I saw the finding as creating broad parameters. I certainly didn't look at it as being something that required the dotting of every "i" and the crossing of every "t." It set up a concept in which you might engage in certain action.

Q Would it be the base document for those actions? For example, if you contemplated a particular action, would it be your practice to refer back to the finding to determine if it is something contemplated by the finding?

A No. I think your base documents would be something that would be approved by, you know, whatever period of time you're dealing with, the 40 Committee, the 303 Committee. Whatever historical period of time, because those kept changing.

Your basic policy document really came from that kind of presentation.

Then the coordination with the Congress and the

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sanctioning of it by the Congress came in your finding, but your more detailed document would have been the document that you would use for policy purposes. Either one of these approval groups.

Q The approval group process would precede the finding; is that correct?

A Yes. In most cases. You know, in an emergency, maybe the two would be going parallel and one would get ahead of the other, depending on who was in town and the ability of a meeting, you know, getting all the principals together for a meeting.

Q And then in the ordinary course, outside of the exceptional circumstances, the finding would have contemplated what was already contemplated by the 40 group or whatever?

A It would be approved by it.

Q Yes. So you, as ADDO, having had some participation in that process, would know both the underlying, detailed discussion that would have occurred in committee and then also have the knowledge of the findings; is that correct?

A That would be the normal proviso. Certainly, during my time, that would have been the normal proviso. In

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other words, if I didn't prepare the papers, the DDO prepared them when he came back and would say, you know, "Here's what has happened." But a lot depends on the rapport between the two people and the working and would depend to a large extent on the director, at the time. Maybe it would be a director -- there wasn't one during my time, but maybe there would be a director who would want to compartment something in a special way.

Q Let me ask you the question a little bit differently.

Assuming that a covert action has been authorized and a particular course of action was contemplated, where would you have gone to determine that what you were contemplating was, in fact, authorized?

A You mean if I had some doubts?

Q Correct.

A Well, in my case, if I had any doubts, I would have gone to the director.

Q And then, in your experience, where would the director go to get confirmation, if he had doubys? Would he go back to the committee?

A No, I think the inclination -- that's a very hard one to deal with, because I'm not sure what has gone before.

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Let me try to recast this and see if we're talking about the same language.

Q Please do.

A Let's say we had put in something, a proposal to the 40 Committee, because I don't know what period of time you're talking about. Let's just say the 40 committee. And at the same time you had put in a porposal as soon as this was approved by the 40 Committee, and you had gotten a finding, so that you had everything properly coordinated within the governmental structure.

Then if I were sitting down here as ADDO and the item came up which caused me to question whether this was in this authority, I would first go to the director. The director, if he had some qualms about it, would undoubtedly go to the president or to the National Security Adviser. A lot depends on the personal relationship between the people at the time.

I mean, there have been times when directors and National Security Advisers have not had the best of rapport, and there are other times when they have had good rapport, and that would be the place for them to go. That's where you would start the process of clarification. It could be a matter of minutes before they could clarify it; it could be a

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day. But I wouldn't expect it to be more than a day, because, obviously, it would be something that would be pressing. It would be something that would be troublesome to the ADDO or the DDO.

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Q As ADDO, did you have routine access to presidential findings?

A Yes. During the time I was there I had a free exchange with the fellow that I worked with, and I knew of no action of this type that I wasn't aware of. I mean, I have not been aware of each and every detail, but generally, I was aware of what was going on, and we were interchangeable. The other fellow travelex extensively, and when he was gone, I ran the shop.

Q Who was the DDO, when you were ADDO?

A Bill Welles.

Q Do you know of any insstance when a finding was not provided to the CIA? That is, not physically provided?

A I have no recollection of such a thing. I mean, when a finding was signed off on, you know, it always came back.

Q Came back to the CIA?

A Right.

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Q Where it could be checked by you, if need be, or anyone else?

A Yes. I would be available to the director, let's say. The DDO of ADDO would be available to the Office of General Counsel.

Q Right. Let me ask you this. We have come across, in our experience in this investigation, an instance in which a finding was signed, and the original was kept, and that original was kept at the NSC. No copy was transmitted to CIA for nearly a year?

Would you have an opinion, based on your experience as ADDO, as to the suitability of that kind of a procedure?

A Well, I'd say it's unusual.

Q How about good or bad?

A Well, I think you need to have a straight flow of paper back and forth. I would expect we would have gotten a copy of the paper, and I would looked for it.

Q And you never had any experience where someone withheld a paper?

A No, I don't ever recall any problems with that aspect of the procedures.

Q In your experience, in the event that a covert

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action, at some point, came to light, do you know whether you or the CIA would have used the existence of the finding as providing some protection for the Agency?

A I think you would want to know that if it fell in that category, you would want to know that it has been approved by the 40 committee and that it had been approved by the finding, so you could establish that this was appropriately coordinated, and it was a government program.

Q And authorized?

A Yes.

Q And by the converse, in the event that a covert action was attributed to either our government or the CIA, in particular, that, in fact, we had nothing to do with, would the nonexistence of a finding then argue that, in fact, at least from among our leadership, we were not associated with it?

A I think, in all probability, that would be the way people would approach it. If you don't have it, it's not there. I think that would be the general view.

Going back to this thing, it's also possible that the legislative counsel at various times play different roles, and they would have been, in some cases, involved in arranging meetings in relationship to the finding for the director or for others to brief the congressional committee, so you would have another component of the Agency involved.

Q As a matter of course, do you know who would have been consulted before a finding would have been issued during your tenure as ADDO?

I'm speaking in terms of the Attorney General or Secretary of State. Would those people automatically have been consulted?

A They would have been consulted in the context of, say, the 40 Committee mechanism, because they are senior representatives and would be sitting in at the 40 Committee. So that individual, the senior State person, would go back, and it was incumbent upon him to make sure the Secretary of State was appropriately briefed and concurred.

Q Do you know of an instance during your tenure as ADDO, when a finding did not go to the 40 Committee?

A I can't recall one. I mean, I don't have any memory of any such thing.

Q Let me ask you a question on the concept of plausible deniability.

First, if you would, could you describe for me how you perceive the concept of plausible deniability.

A Well, the concept of plausible denial has gone a number of mutations over the years. Its initial presentation, probably in the fifties, was that you wanted to create covert action in a way that the U.S. government and the senior policymaker, i.e., the president, could say that he was unaware of that particular action and had it structured in such a way thatyou had policy approval for the action within the U.S. government, but you didn't have a tangible audit trail leading to the president. That, in fact, is what was inherent in such mechanisms as, let's say, the 40 Committee, which we used generically here. That is, it would be approved by the senior policymaking body, that's where the approval came from, and it stopped, essentially, there. Although they, in turn, might have briefed the president. But the trail led to the 40 Committee.

Q But, in fact, under that set of circumstances, didn't that assume that at some point the president was made aware of the process?

A Yes. I think one would have to assume the president was made aware. I think that was a fact, that the president was made aware, but it was this concept of plausible denial. I think after you had the investigatations, essentially, in the seventies, the concept of plausible denial went by the wayside, because the finding mechanism required the president to sign it. Therefore, once the president signed a finding, you had an audit trail leading to the top policymaker in the United States government and plausible denial was no longer plausible.

Q Right. There was some testimony -- I don't know whether you heard it -- that seemed to revive the concept of plausible denial, for aspects of the Iran operation, and I believe it was Admiral Poindexter espoused his view of plausible denial as essentially encompassing a process whereby the president was not informed at all of covert action.

Was that ever a live theory within your experience?

Q Not in my time.

Q I mean, in fact, that's absolutely absolute deniability, is it not?

A Right.

Q Not plausible, as a fact?

A Right. I don't see how that can function, if you have so many other aspects -- budgetary aspects, manpower aspects, you know, interfacing with cover, and so forth. I don't see how that could transpire.

Q But that expression, to the extent it assumes the president is not told at all, did not comport with your understanding of how plausible denial was?

A No. As I say, there may have been a couple of minor shadings in between these two very severe definitions, but the benchmark that I was seeing would be the 50 to 70, whatever it was, 72, to the Church Committee period, and the Pike Committee created another watershed, where you had this proceeding, and after that you had a trail that would lead directly to the president.

Q There was a rule within CIA -- I'm going to show you a copy of it.

MR. WOODCOCK: Let me just have it marked 8.

x (Shackley Deposition Exhibit 8 identified.)

BY MR. WOODCOCK:

Q Mr. Shackley, I'm going to show you what has been marked as Deposition Exhibit No. 8, and it is taken from the CIA Regulation Book, and I have put a green bracket around the letter "H," which reads:

"Support to the White House office."

That reads as follows:

"Any support requested by or extended to the White House office, excluding the production and dissemination of foreign intelligence, must have the prior approval of the director."

Are you familiar with that rule?

A I don't recall it, but let's see if I can see when it's dated. It looks like it's dated 1978.

No, I don't recall this rule off the top of my head, but it's the kind of embodiment of what the procedures were.

In other words, nobody would go to the White House or be in touch with the National Security Adviser without having some coordination, internally, and having the approval of the director.

In a programmatic sense, you might have approval from the director, yes, we're going to be talking about paramilitary operations in Laos, let's say. There might have been a historical period when somebody might have said, yes, we're going to be talking about those kinds of operations, and here's what we're going to be dealing with, and you get approval from the director.

Q And so that was before the embodiment of this rule?

A Yes. I just don't happen to recall that particular rule.

Q Let me ask you this, Mr. Shackley.

Based on what you have just said, when you were ADDO, if a call had come into, say, your office, directly from an NSC staff person saying the National Security Adviser has told me that he wants to use the following resources of CIA for the following purposes, would you have felt that you would have been in a position to say, okay, or would you have had to go beyond that to seek approval for that request within the CIA?

A Well, if it was within the scope of an approved program. If it was not within the scope of an approved program, I would not have felt that I could do that on my own.

Q Now, again, in your experience, first, did you ever have that kind of experience?

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A No, I don't ever recall having anything like that.

Q Second, if you had, what would have been your procedure to get the proper authority to move ahead on that request?

A Well, if the DDO was in town, I would have called him and said, "You know, I don't know why you didn't get this call. I'm home, you're out. Do you know anything that I don't?" It might have been during the course of the day I had not seen him, the way the schedule went or something.

I might have been up on the Hill testifying on something, and he might have been dealing with foreign liaison or something, and we just didn't meet by the end of the day. "What do you know that I don't know."

That would have been my first reaction. If he said he didn't know anything, then we would have agreed between us, who was going to take the next step. i.e., I probably would have taken it, because the call came to me, and my next step would have been to call the director. Or if the director wasn't in town, call the acting director.

Q And it would have gone to either one or the other for approval before you would have taken steps?

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A Yes.

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Q In your experience, has the NSC itself ever performed covert operations?

A None that I'm aware of.

Q And the CIA was seen as the primary implementer or covert operations; is that correct?

A That's correct.

Q And I gather, in some circumstances, purely military, perhaps only the military would implement it; is that correct? Did you ever have that experience?

A On a covert action?

Q Right. Ever?

A I think I can recall the military being given action responsibility to implement something, but they, too, have a coordination mechanism.

Q With the CIA?

A With the CIA and depending on the nature of the program, it could have been a military program put into the 40 Committee format, approved by the 40 Committee and the finding found, but the instrument for implementation would be the military.

Q Let me back up to the subject of getting approval or getting a request from the NSC to take action. Let me

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get down to some specifics.

If an NSC staffer called you to enlist your support to gain, for example, flight clearances in foreign countries for a flight, would that be something you would deal with and take up the line?

A If it had nothing to do with an approved, you know, activity -- you always have to structure this. If it were an ongoing program, I would have to make a judgment as to whether that was within the tolerance threshold of the authority that I had. And if it were an approved program, I would have to judge it at that point in time, as to what I wanted to do. 12:00 o'clock at night, you know, the director is out of town, and I would know he's out of town, and the acting director is at some conference or something, I would have to sort of judge all those things and then make a decision within the scope of the approved program. If it was not an approved program, it would be the kind of thing that I would have to go to somebody else and say, "Hey, this is something I don't know anything about.

"This is an unusual requirement. It's out of the scope of our charter, and what do you know?"

Q So, before you began calling your chiefs of

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station to prepare whatever flight clearances,you'd have to go through the process you just described?

A Yes.

Q Now what you have just testified to -- and correct me, if I'm wrong, I think that is assuming that you would feel an obligation to question the NSC staffer as to what precisely it was he was trying to accomplish?

A Yes, I think I would ask a question, and he might say this is some approved program, the director knows about it, if you don't. This is the help that I need, or something like that. And I'd say, fine, I got to check it out.

Q Right. In other words, get the director's approval? You would have to check it out?

A Right.

Q You wouldn't rest on his word alone; you would let the director know about it, then do it?

A It depends on the interrelationships people have with the management. I mean, the time I was there, I felt confortable in being able to call the director at any time of day or night and say, hey, I got a problem, and here's the issue and here are my concerns or here's my recommendation.

Q Let me add another layer to this hypothetical.

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Let's assume that you go ahead and you ask the NSC staffer what it is that he is trying to accomplish, and he gives you a story which you suspect to be a cover story; would you feel satisfied to take the cover story,with your suspicions, to the director, or would you try to penetrate the cover story with the staffer?

A You know, that's a hard one to answer. I don't know. A lot would depend. My own inclination would be that I don't work for the NSC staffer, I work for the director, and therefore, if I'm going to err on the side, you know, of being on one side or the other, I got to pay attention to what the director's equity is, so I would be inclined to go to the director and say, look, I don't know anything about this. Here's a request. Yes, I can implement it, but I don't know anything about it, and your name is being quoted here as having knowledge of it or approval of it or something. So what's the word, boss?

Q All right. Let's leave the hypothetical director approval out of it and just go to the question of whether you would feel obligated to pierce that cover story.

Let's assume he has not represented the director has approved the operation.

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A I don't think I'd necessarily be inclined, if he said, "Look, I want to do X, Y or Z, it's not within an approved program, I have no knowledge of this before," and he says, the National Security Adviser or somebody wants to do it, I'd say, "Gee, that doesn't make an awful lot of sense to me. What is it about?" And he says, "That's all I can tell you, that's all I'm authorized to tell you."

I'd say, "Well, I got to get back to you. I'm not authorized to do it."

Q Right. So I gather -- let me fashion a response, and you tell me if I'm wrong. At a minimum, you would feel obligated to go to the director and say, "I have been called by the NSC staffer. They have proposed the following. They have given the following rationale, and you should know, I suspect it's a rationale, a cover."

A Yes. Or I'm uncomfortable, or it doesn't make sense to me or something like that. A lot depends on who is in town. If the DDO was in town, I would call him first.

Q But either way, it would be the same discussion?

A Either way, the same flow.

Q And it would be up to the person to make the

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judgment as to whether to pierce the story or not?

A Right.

Q Let me get back to the NSC, as a performer of operations, and again, I'm asking you to draw on your experience as a member of the CIA.

In your opinion, is the NSC an appropriate institution to perform covert operations?

A No, I don't see them as an implementer of operations.

Q Now, why do you say that?

A Well, basically, they don't have the structure to do that, and by and large, they don't have the experience to do it. In other words, most of the people who are assigned to the NSC staff have substantive positions, you know, go into these jobs either as political appointees or come from the academic or economic community or business.

They're in there for two or three years, four years, and they are gone. And they don't have anybody of experience. Or they are people that come from other agencies, State Department, and so forth, where they may be top notch analysts in a particular area or region and familiar with policy but aren't familiar with program implementation.

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I just don't see the talent being there for it.

Q Do you think it should be given the capability to perform covert operations?

A No, as a personal opinion, no.

Q Again, why?

A Because I don't think we have the depth of skill and experience to permit the U.S. government to staff those kind of functions adequately by having multiple repositories to implement those kind of programs.

Q In effect, a second small CIA?

A Yes. I don't see that we have the talent. And this kind of talent is not developed in a short period of time, and the opportunities for developing talent of this kind are significantly decreased.

Let me make that point. It is a troublesome point. I think, if you took somebody who came in to the CIA up to the mid-'50s, they entered prior to '55, '56, probably in two years' time or three years' time in the field, they acquired more experience than the fellow entering, let's say, in the '80s will in ten years.

Q Why do you say that? That's an interesting comment.

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A Because that's why I'm making it. Because the opportunities aren't there. The political sensitivies are different.

Let me use an example -- two examples -- to perhaps make my point.

Take Germany. Before the wall went up in Germany, in Berlin, there were thousands of people flowing across the border daily, so there was a lot of opportunity to get exposure and experience in pursuing programs, because there was just this vast array of people coming out there, which was a potential pool within which to work. After the wall went up, that decreased, and therefore, a young officer coming out has to wait months before he ever gets his chance to even pursue one action.

In the earlier days, the guy had trouble deciding which of the ten good things was he going to pursue in the course of a day.

Hong Kong is the same thing. The flow of people coming out of China was great at one point in time, and then it was closed off.

Q And I gather that was generally true in almost all locations, and it is today?

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A Yes. And also the political sensitivities are much tighter in a lot of places around the world, where a mistake is much more costly to the United States, so the young officer coming in now has less opportunity to gain experience.

Q The CIA, in that period, too, had a pool in that period, in particular, I think, from Europe, of people who were expatriates from European countries and were enlisted in the CIA or OSS, who were culturally, I think, more sympathetic to the countries in which they were stationed than it is today; is that your experience?

A No. I think what you had out of that is a greater reservoir of language skills and cultural understanding, but not necessarily sympathy for the countries that they were working in.

Q Well, I guess that's a bad choice of words. A greater understanding. Let me put it that way.

A They understood the environment in which they were working, and they had greater language skills.

Q That's a natural process, as people get old, older that they were unable to reap the circumstances under which we would have that manpower reservoir of persons from other countries coming into the CIA.

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In your experience, at the time you were leaving, was the CIA successfully addressing this debriefing of, say, native language speakers in its ranks?

A Yes. Attempts were being made to do that. There were various programs which, in part, eliminated some of that, because you had a different managerial approach. The approach came in at one point in time in which you had to look at the young officer who had to go up or out, in essence, whereas, in this business, there are a lot of people who may have acquired, for whatever reason, very good language skills and area knowledge and should be left in a particular area. Not everybody has to come in as a junior officer and aspire to be a director.

In other words, a guy can come in and have a very honorable, productive, satisfying career and to come in as a junior officer trainee and, you know, retire as equivalent of a full colonel in the Army, and you know, be the greatest expert on France or Pakistan or whatever area -- Indonesia or Southeast Asia or Africa.

Q You just mentioned a difference in managerial philosophy. That, I gather, has resulted in shifting people around in fair amounts; is that the idea?

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A No, it's also this idea that you've got to have a throughput in an even cone in all age grade activities, and so forth.

Q I guess I'm not following you. What are you describing there?

A If you take the total personnel and make a chart, you can divided your personnel by grade and age, and so let's say you have an X number of GS-12s, and then you have so many, and you have a throughput kind of thing. You start off with a very large base here, and the higher the grades are, the lower the numbers are. All right.

There was a theory of management put in by one group that you had to have this large base and everybody had to be moved along on an up or out kind of proposition, almost like the military structure.

Q When did this come in?

A This came in in probably about '77, '78, somewhere in there.

Q During the Turner years?

A Well, you came to that conclusion. I'm not looking to be --

Q I'm not assigning it directly to him. He would have been director at that point?

A He would have been the director at that time.

I'm not looking for a polemical discussion.

Q I'm just trying to place it in time.

A Others don't have that same theory. There's a theory that you bring people in and you find that an individual, let's say, is the son of a missionary, his father has served as a missionary in Korea, and he's learned Korean, and he's got to American University to study Korean, and gone to one of these area study programs, and so forth, and speaks fluent Korean, and he's interested in that area, then you might want to use him in the context of the Korean situation for a long period of time. [redacted] He's got a broad career, but perhaps the cap on that career is, he would get to be a GS-15, but because he gets to be a GS-15 at age 40 and doesn't go any further, it doesn't mean at 45, you should retire him, because he has no aspirations at being director, he's not director material, but he's a hell of a good man for what he does. He's got area knowledge, language interests, and

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so forth, and these are the differences.

So we have lost a lot of skills.

Q Do you know whether the cone philosophy that you just described is still in vogue today?

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A I have no idea. I have lost all contact.

Q We have, in the course of this investigation, come across what people tell us is an unusual situation, in which a national intelligence officer, in effect, acted as a case agent for Manucher Ghorbanifar.

Do you recall, in your experience, a national intelligence officer ever taking on those kinds of responsibilities?

A Being a case officer?

Q Right.

A No, I don't recall that ever happening, no.

Q No, granted that you had, I gather, one day in which you met with Ghorbanifar, November 20, '84, do you have an opinion, based on that meeting, whether he was an individual that you would have run as an agent or not, and, if so, do you have an opinion as to how you might have run a person like Ghorbanifar?

A Well, if you will go back to my memos, you will

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see that in several places I have said in those memos that he would, a) be a different person to manage; that whoever managed him certainly had to have certain talents and certain skills, and I raised that, I think, in both memos that I wrote, as a cautionary note, because he is a complicated man, and I envisioned difficulties from dealing with this guy, and I said that in those memos, and I think it's very clear, and I think if I had been trying to work with him, I would have used somebody who knew him as an intermediary. And I don't know what else what was available, but just in the short time I was involved, I would have probably used somebody like [redacted] to try to work with him.

I think I would have used him much more as a cutout or filter.

Q "Used"?

A [redacted] Somebody like [redacted] And maybe I would have used [redacted] or somebody like that, who you had more confidence in and had more of a stake in the United States, and interest and so forth.

Q Let me ask you another question, this one, coming to you out of the blue. Would you have an opinion on whether the position of inspector general at CIA should be

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confirmed by the Senate?

MR. MC KAY: Have you ever had an opinion before this moment?

THE WITNESS: No, I thought about it before. No, I don't think he should be approved by the Senate.

BY MR. WOODCOCK:

Q And why not?

A I think that would tend to politicize the position, and you find a lot of people trying to build careers are perhaps seeking the kind of congressional exposure, which may not be good for an institution.

Q How do you see, absent some kind of congressional involvment in the IG, ensuring that the Office of Inspector General, CIA, is functioning properly and aggressively?

A Well, I think you could do that with program reviews; that is, the Office of Management and Budget, when they're doing their annual program review, they can certainly focus on that kind of a problem. I mean, you can look at the quality of the person being assigned, the number of people being assigned. You can look at the dollars which are being allocated to the budget and the Office of Management and Budget does have the ability to review

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a) what has transpired in the past fiscal year, in terms of programs; what have they looked at and what have you got on your plate for the coming fiscal year and what do you know about the problems that you're working on. Their continuing interest.

One problem might well be this language problem. In other words, we understand it's a problem, what are you, the Inspector General, going to do about this? Not just in regard to, let's say, the DDO; what are you going to do about it in terms of looking out for the Agency as a whole? What about DDI? What are their language skills at this point in time?

Q When you were at CIA -- let me limit it just to your experience as ADDO.

When you were ADDO, was the inspector general position seen to be a position that was a step up on the ladder, a place from which people would go on to bigger and better things?

A Well, you have to answer that in two different ways. If you're saying, was it seen by somebody in the DDO as a stepping stone to a larger job, I would say no. If you're looking at some other component, it was conceivably

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a platform from which to go to bigger and better things.

Q And when you say "some other component"?

A Well, let's say something like Deputy Director for Administration. I think somebody could see themselves moving from a position in the Director of Administration to be Inspector General, and a couple of years later, perhaps come back to be the Deputy Director or Controller or the head of Administration or some other job that was more important, in terms of resource controls.

Q In your opinion, was there anything wrong with the idea not being a stepping stone for someone?

A No. Because it's quite a visible position. If somebody wanted to go back overseas again, it carried a certain amount of ballast by having been the Inspector General. You get to be known throughout Washington, throughout a lot of parts of the government, and then it's very hard to suddenly reappear, you know, in [redacted] [redacted] and be the station chief, as your twilight assignment for your career.

Q Isn't it also a problem, unless you come out of the DO, it's pretty difficult to investigate the DO?

A No, I don't think so.

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Q The DO isn't something unto itself, in many respects?

A No. I don;t see that, because the element -- basic element for conducting investigations is access to the personnel, money, and program, and I think if you have the access to those, it's fairly well established.

Q Well, isn't it also, if you're going to conduct an effective investigation, the capacity to have some rapport with the people you're investigating?

A Yes. That's a factor, but I guess if you look at that on a scale of 100, the rapport is probably less important than access to the program records and the financial records and the personnel records.

Q We came across, in our investigation, an instance in which DEA worked with CIA on a project -- the Drug Enforcement Adminstration. When you were ADDO, I guess it would have been called DEA at that point too -- what was their relationship with CIA?

A Well, it was still evolving at that particular point in time, because you have to go back. I forget what DEA was called then.

Q It was Bureau of Narcotics and Dangerous Drugs?

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A Drug Control, I guess.

Q And before that, it was the Federal Bureau of Narcotics.

A You know, as it evolved. Ajd it was still evolving in my time, that is, the relationship and the scope of activity, because that was a new requirement, really, and initially when the narcotics problem came into focus, the Agency's primary responsibility was collection of intelligence; who were these guys? What were they doing, and so forth? Then later, came a point in time when there was more cooperation, in terms of trying to obtain [redacted] And therefore, there was a greater exchange of operational information with the Drug Enforcement Agency. So it was still evolving during my time.

Q Had it evolved to the point where the DEA would join in an operation with CIA? Their agents actively involved?

A I can't reall. You better give me a better definition of what you see as a joint operation. I think maybe I can tell you. [redacted]

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Q Are you familiar with the Third Agency Rule?

A Yes.

Q Could you articulate that for me, please.

A Well, the Third Agency Rule is that the CIA obtains information from, let's say, the FBI. It is not to pass that information to DEA. It was not coordinating it.

Q In other words, notifying FBI?

A No. You could not get information from the FBI and have that information come to the CIA, and the CIA willy-nilly then give that to DEA.

Q Now, that process of notifying FBI, is that actually a process of getting their approval?

A Right.

Q It's not simply notice; you actually have to approve it; is that correct?

A You have to discuss it with them, and a lot would depend on what operational, and you have to get their approval.

Q Let me share with you one of the frustrations of an investigation. We have found that the Third Agency Rule applies to Congress as well. We run into instances where we can get, basically, composite documents with the CIA, blanking out what maybe the FBI has told us, and the FBI giving us the same document in their folder, blanking out what the CIA has told them. Together, we have a complete picture.

That has struck at least some of us as having some limited logic.

Would you have any position on how the Third Agency Rule might apply to Congress?

A Well, let me say that I think that the Third Agency Rule is a good rule. It's a sound rule in practice, in terms of dealing among the intelligence and security agencies a) within the government, within the U.S. government and b) with foreign services.

So, having started with that as a premise, you have the special problem, in terms of dealing with the Congress.

Q Let's leave [redacted] but say within the government.

A I think you got a special case, insofar as the Congress is concerned. I haven't really given that any thought as to how one might work around it. Insofar as the relationship between the agencies within the government is concerned, I think the Third Agency Rule is good and should be adhered to, because there may be something that, when the FBI gave you this information, they gave you perfectly sound information, but how that information is acquired or was acquired and what jeopardy the source of the acquisition might be placed in by being given further dissemination to somebody who would use it in a different form, can only be made by that agency.

And if you're going to have a free flow of information, I think you have to honor the Third Agency Rule. How you solve that for relations with the Congress, you do have a special problem. I don't have an instant answer. I hadn't thought about it.

Q I just have one more line of questions for you.

The CIA has its own security clearance process; is that right?

A You mean for hiring people?

Q Let's say, for a person who would participate in a covert action.

A Yes, there's a clearance procedure for that. It's self-generator procedure.

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Q And am I right that a person who, say, has a security clearance with the Department of Defense, would not, ipso facto, have a security clearance with CIA to participate in a covert action?

A That's generally correct; yes.

Q In other words, the CIA would also clear that person into its operation?

A Depending on what kind of a role they were playing, and so forth.

Q And do you think that's sound practice?

A Yes.

Q Prudent?

A Yes. You have to know, I think, depending on the role they're going to play. That's why I came back to, you have to define the level of participation; then, how much time you're going to spend on clearing the person.

MR. WOODCOCK: Okay. That concludes the questions I have for the moment.

THE WITNESS: Can we take a break?

e5 (Recess.)

BY MR. WOODCOCK:

Q Mr. Shackley, you recall when we were last together,

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I asked you some questions about Albert Hakim and your circulating him within the CIA back in the 1970s as a possible sort of assistant to the Agency.

What I'd like to do, if I could, with you, is to show you a series of documents here which we have received from CIA. First let me ask you to read this document, which I will ask the reporter to mark as Deposition Exhibit No. 9.

(Shackley Deposition Exhibit 9 identified.)

MR. WOODCOCK: I'll describe it for you the record. It's a memorandum for record, dated August 5, 1976, and signed on the back, "Theodore G. Shackley, Associate Deputy Director for Operations.

BY MR. WOODCOCK:

Q Now Mr. Shackley, if you will take a moment to read this, it's a four-page memorandum, single space, so it might take a little time, but I would ask you to take a moment and read it carefully.

(A pause.)

First, Mr. Shackley, have you had an opportunity to review Deposition Exhibit No. 9?

A Yes. I have read that memorandum.

Q Before we get into the substance of it, is that your signature on the last page, page 4?

A Yes. That's what it looks like.

Q And I gather that's a memorandum that you yourself prepared; is that correct?

A Yes. That's clearly the kind of thing I owuld have done, and I think it's a reasonably accurate thing of what I told you I did do the other day.

Q Right Now, let me go through the memorandum with you, if I may, because there are some points in it that I'd like to see if you can expand on.

The memorandum gives under the heading "Background," on the first page, there's a reference in the first sentence there that during the May to August 1976 time period, you had collected "numerous references" on Albert Hakim.

As you recall, what were these references you were picking up during that period of time?

A You know, I don't really know. This is a long time ago. This is 1976. I know that's what it says, but those words don't bring any specific details. Obviously, whatever I had, I wrote in there at the time, given the way this unfolds. But I can't recall what that had reference to.

Q You were introduced, I think you testified, to Mr. Hakim by Ed Wilson; is that correct?

A Yes, I was.

Q Was Wilson the source of these references, do you recall?

A I know he introduced me to him, but that's my main recollection of the thing.

Q Let me ask you this, a different kind of question.

Your present inability to recall would suggest that it might have been prudent to set out the numerous references at the time.

Would that be the ordinary thing to do, when you're putting a memo like this together, to say "I have had references on so-and-so from the following sources?"

A No. That would be sort of a judgment call, depending on what you saw coming out of this particular thing, as I think I told you the other day, and this certainly reaffirms my own memory of the thing. I had a meeting, I came back, and I wrote up what I thought was a fulsome report and put it into the system.

Q Now, there's also a reference -- let me go down the page here. We're still on page 1, under the heading of "Commercial Structure."

A Right.

Q It says "Mr. Hakim is involved in a number of commercial enterprises."

Do you recall what series of commercial enterprises would have been?

MR. MC KAY: You mean beyond what is mentioned?

MR. WOODCOCK: Yes. In addition to anything that's mentioned.

THE WITNESS: Let me just reread that again.

(A pause.)

THE WITNESS: No. The way it's written, I assume that he has a number of commercial enterprises, and it goes on to discuss two of them here.

BY MR. WOODCOCK:

Q Do you recall whether there would have been any that you would have known of, using that term, that you didn't put down?

A No. I wouldn't have thought so. I just have no way of dredging that out.

Q Let me ask, if you would turn to page 2 of

Exhibit 9, under "Type of Business."

The first sentence there, you say "Mr. Hakim has let it be known that he is currently in the process of selling the RDJ-9000 security system of Stanford Technology Corporation to Iran."

When you say, "Let it me know," do you recall whether that's something he's telling you, or is this coming to you from another source?

A The way this is written, I assume I got it from him, that he said that that's what he was doing.

[redacted]

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[redacted]

Q Now, dropping down to number 2, the first sentence there.

"Mr. Shackley's contacts have indicated Mr. Hakim is quite anxious to play a pivotal role in the Iranian purchase of American technology."

What contacts are we talking about? Do you recall?

A No, I don't, but I assume that that's probably what came out of the discussions with Wilson. That's certainly one of them. But I don't know. It's plural, more than one. That's the only one that comes to mind at

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this point in time.

Q Let me put this for this particular time period.

Is there anyone else that you associate with Mr. Hakim at this point, other than Ed Wilson?

A There obviously must have been somebody else I was talking to, because I used the plural here, but I can't -- nothing comes to mind. I met an awful lot of people all over the world, and it's hard to put this -- I mean, this refreshes my memory, and I'm surprised that my memory was as accurate at it turned out to be.

Q Let me ask you about a phrase that you have employed in paragraph number 2, on page 2, the one on "Assessment." It says:

> "Mr. Hakim is casting about for contacts in the U.S. government with whom he can find a mutuality of interests concerning Iranian attempts to procure hardware in the United States."

That phrase, "mutuality of interests," what did you mean by that?

A Well, that's a phrase that would mean that somebody would provide intelligence or information and keep the U.S. government posted on what they were doing, in return for which he would be told, you know, "We got a system up here." "Hey, that system can't be sold, and you're wasting your time trying to sell that system."

Q Okay. Explain that to me. Mr. Hakim, if I understand what you're saying, is considering a proposal to sell a certain system to Iran?

A Right.

Q Now, again, explain what it is that is in his interest? Why is it in his interest to assist us?

Q It's in his interest to see if that is a system that can be sold. In other words, his choices are to go to the Munitions Control Board, as an example, and to file a license, and he might spend a year or two trying to get that license through and get approval, or at the end of two years, after he's invested all this time and effort, find out that he can't sell it or isn't going to sell it, there's a U.S. policy against selling it. And it's not uncommon for people to try to strike a deal with the U.S. government, where they say, "Look, I want to tell you what I'm doing, but don't let me spin all my wheels here forever pursuing a project that doesn't make any sense."

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Q And what role would CIA play in making Mr. Hakim wiser than he would be otherwise?

A Well, I think about the only thing -- first of all, he'd have to check all that out to see whether there was a policy for not selling something, and if there was a policy for not selling it, and it was not a secret, you might say to him, "Look, I don't think you're going to sell that. I don't think you can sell that."

Q And that would be someone in CIA would convey that information to him?

A Yes.

Q Let me bring you down to the next paragraph, the one numbered 3 on page 2.

That starts out, "Mr. Hakim was transiting Washington on August 4."

A Right.

Q How is it that you knew Mr. Hakim was transiting Washington on August 4?

A I really don't know at this day and age, how I knew. When did I have the luncheon with him?

Q I believe it's contained in that paragraph?

A Okay. I met with him for lunch on 4 August. I

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knew he was transiting. The person who introduced me to him was Wilson, so I'd have to assume from that, that I probably learned of that from Wilson.

Q Up to this point, up to this luncheon on August 4, 1976, you had not yet met Mr. Hakim; is that correct?

A That's correct.

Q So at that luncheon that's described in paragraph 3 at the Jockey Club, you actually came face to face with him; is that correct?

A Right.

Q At that luncheon -- I don't think I covered this in your prior appearance. If I did, then please forgive me. But at that luncheon, it was you and Mr. Hakim and no one else; is that correct? Or was there someone else?

A I really don't remember that clearly. It's possible that Wilson was there. I can't fix him definitely, but I can't exclude him.

Q What I'm trying to get to -- I think you can see my problem. How was the introduction made?

A Clearly, Wilson introduced me to him. Whether he stayed for the luncheon or was there or not, I cannot remember. I have trouble with that. I cannot say with

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certainty one way or the other.

My guess is, he probably was there, but it's strictly a guess.

[redacted]

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[redacted]

Q Do you recall whether you had developed a thought in Mr. Hakim's case, to that degree of specificity?

A No. What I did was, I went out, met the fellow and came back, wrote a rather fulsome report, put it in the system and nothing happened. In other words, as I told you the other day, I probably got some correspondence. My recollection of what happened is, people came back and said they simply weren't interested in what we had to offer, that they had contacts that were better than what he was suggesting.

[redacted]

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[redacted]

Q Now at this time, did you yourself know either Secord or von Marbod?

A Yes. This is '76. I testified earlier that I met him in Laos. The Vietnam War was over. Yes. By then, I knew von Marbod.

Q Let me back up. Do you recall how it was you would have know where these two individuals, Secord and von Marbod, were at that time?

A They were prominent in the situation in Iran. Their names were in cable traffic all the time, so I certainly knew that that's where they were.

Q As I recall your testimony -- and correct me if I'm wrong -- after you parted company with General Secord in Laos, you had very little contact with him subsequently; is that correct?

A Yes. Basically, social contact, if we were both somewhere at the same time. I don't recall all of his assignments, where he went, but there was a long period of time that we weren't in any place where our paths crossed.

Q Do you recall ever meeting him in Ed Wilson's

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company?

A No, I don't. I don't recall meeting him in Ed Wilson's company. I have no recollection of that.

Q And the same for Mr. von Marbod? Do you recall ever meeting him in Ed Wilson's company?

A No, I don't have any recollection of meeting him with -- nothing jumps out. I have known von Marbod for a number of years.

[redacted]

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that when I came away from this, and I wrote this, I obviously had the impression he had been on the periphery or knew how these functions, and so forth.

Q And that in particular, he had some relationship with French and British arms sales?

A Yes. On the periphery of whatever was going on at that time. I have no way of recalling that.

Q You recall no particulars of that?

A No.

MR. MC KAY: Mr. Woodcock, do you know what the blacked out line is in paragraph 6?

MR. WOODCOCK: No, I don't.

Let me have this marked as the next exhibit, number 10, and I will ask you to take time and read it.

(Shackley Deposition Exhibit 10 identified.)

MR. WOODCOCK: Let me identify it for the record.

This is a memorandu, dated August 16, '76. It's three pages, single spaced, and appears to bear the signature of Theodore G. Shackley, on the third page.

The subject is "Mr. Albert Hakim, Iranian National and Importer/Exporter."

Take a minute, if you would, to read that.

(A pause.)

BY MR. WOODCOCK:

Q Now, again, as with Deposition Exhibit No. 8, on Deposition Exhibit No. 10, is that your signature?

A Yes, that certainly looks like it.

Q And have you had a chance ot review that?

A Yes, I have.

Q Let me ask you just a few questions about that. From the introductory sentence of that memorandum on page 1, it appears that Mr. Hakim is making yet another trip to Washington.

Is that the way you read that? That is separate from the one where you met him in August 4?

A Yes, I'd say that's another trip. It certainly looks like it.

Q Now, it's not clear from the memorandum, but do you recall whether you met him on the second trip?

A I don't have any recollection of meeting him, and this doesn't say that I did meet him. I think if I had met him, I probably would have said somewhere, unless we have another memo that says that I did meet him or something, but normally, I think the information would have been, if I met him, that I met him at such-and-such a place.

Q Now, you brought Mr. Hakim to the attention of George Cave [redacted] Do you recall whether, when you brought this to his attention that anyone else was present?

A No, I don't.

Q Do you recall bringing this to his attention?

A No. This refreshes my memory. I have forgotten all about this. I know George Cave, and I think I told you the other day, I didn't remember. Nothing popped out at that time when we were discussing George Cave, but I do know him. It says I talked with him, so I did talk with him, but I don't recall the meeting.

Q You don't have an independent recollection?

A No, I don't.

Q Do you recall, having read this, Cave having any involvement -- an independent recollection of Cave having any involvement with this at all?

A No. And this is perhaps one of 20 or 30 such meetings I might have had during the course of any particular day dealing with various items. I just don't recall discussing this with Cave, other than that's what it says there, and I

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have to accept what it says there is correct.

[redacted]

Q Partly through the sentence, it notes, Tom Clines was then DDO Training Officer, had also met Mr. Hakim in a social context.

Do you recall how it is that you knew that at that time?

A No, I don't. But obviously, I knew it somehow, or it came out, because it's in there.

Q Having seen that, is it possible that he is one of the contacts you're referring to in your earlier memoranda, who was giving you information on Mr. Hakim?

A I have no specific recollection of it, but I can't

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exclude it, you know, that he was one of the people. My main recollection is, I was introduced to this guy by Ed Wilson. That's the main thing that sticks out in my mind, and it's been a long time ago.

[redacted]

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[redacted]

Q Let me ask you this. You have had an opportunity now to read to the end of this deposition, Exhibit No. 10. As the Associate Deputy Director of Operations, was it usual for you to get involved in this kind of detail [redacted]

A It could be, yes. I mean, a lot of [redacted] proposals were discussed with me, but as I recall, this one, for some reason, never went anywhere. As I recall, this thing all fell apart. You probably have an additional track in here.

Q I will show that to you in a moment, but on that question, you have looked at these two memoranda in detail, and they show a personal interest on your part in this deal.

Is this unusual to you, or is this typical to you that you would have gotten involved in this kind of detail?

MR. MC KAY: I'm going to object to the question, in that it talks about a personal interest. He is involved in his office capacity, if that's what you mean.

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BY MR. WOODCOCK:

Q Excuse me. Not a personal interest separate from your official duties. I'm not implying that, but that you personally are taking a lead in this. That's what I mean by that.

A No, that would not be unusual. I meet somebody, I put a memo into the system, I checked on it. It would also be quite common for me to look at some cable traffic coming in [redacted]

Q So that would be something that you, yourself, might do as opposed to say, to somebody who is a subordinate, "Look, we have come across this interesting character. You go out and meet him, and you make the judgment on him."

That's something you yourself would do as ADDO?

A Yes.

Q Do you know whether, in following that kind of practice, it would be unusual for an ADDO, or is this pretty much standard in your experience for an ADDO to get involved in that?

A No, I don't think it's unusual. It depends on the times and the events and the areas of interest. There are predecessors in that job that did a lot in the covert action activity that were very much interested in various aspects of covert action and played a very action role.

MR. WOODCOCK: Now, I have some cable traffic that resulted from your two memoranda, and I won't burden you with it.

The first cable, which is dated August 18, '76, [redacted] based on the inquiries that were generated by the interest in Mr. Hakim, giving a position [redacted] on the proposal to use Mr. Hakim, let me have it marked as Exhibit No. 11.

(Shackley Deposition Exhibit 11 identified.)

MR, WOODCOCK: And I'll ask you to take a moment to read it.

(A pause.)

THE WITNESS: Do you have the other one, because this doesn't make sense? Do you have the 90015? Obviously, something went out.

MR. WOODCOCK: Well, there are two that went out. I wasn't going to burden you with them. Let me have them marked as exhibits, and you can read these, the predecessor cables.

The first cable, number 900015, followed by 900016 Both are dated August 17, 1976. They were sent out within a minute of one another. They are companion cables.

I'll have 900016 marked as Deposition Exhibit 12 and then 900016 marked as Deposition Exhibit No. 13.

(Shackley Deposition Exhibits 12 and 13 identified.)

BY MR. WOODCOCK:

Q Now, Mr. Shackley, have you had an opportunity to read each one of these exhibits?

A Yes.

Q I was really interested in Deposition Exhibit No. 11, which provides the rationale which [redacted] made for rejecting the proposal to use Mr. Hakim.

Is that rationale consistent with your recollection of what happened here?

A I think I told you the other day, I just remembered this was turned down by the field. I didn't recall the rationale when we talked about it the other day, [redacted]

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[redacted] But this also shows there was some concern about Stanford Technology's reputation in this field. It had escaped me, so this provides clarifying data.

Q Do you recall whether you received this cable? Do you have an independent recollection that this information came to your attention in August of 1976?

A No. I don't have any independent recollection from it. Analyzing what I can see on this thing, it does not appear that I got a copy of it. But that's by deduction rather than by memory. I may be able to unravel this. Just give me a minute and let me look at this.

(A pause.)

No, I can't tell. I thought I could tell from this, but I can't.

Q In your August 16 memorandum, I think it was, you charged Mr. Cave and Mr. Clines with drafting the cable traffic to make the proper inquiry [redacted]

Do you recall either one of them coming back to you and saying this is what we've got; it isn't going to fly, or they're not interested for the following reasons?

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A No. The only recollection I have of this thing is that it fell apart. It didn't go anywhere. That's all I remember of it.

Q Do you recall, independent of this cable, coming cross information that either Albert Hakim or Stanford Technology had, I think what the cable calls "an unsavory reputation"?

A No. I know that's what this says, but I don't recall that coming up with it.

Q You don't recall getting that information from any of the contacts that you had originally made in Mr. Hakim's name available to you?

A No, I don't.

Q Subsequent to these events, this August '76 period, do you recall at any time other than right now, coming across information that either Albert Hakim or his Stanford Technology Group had acted in an unethical manner with the Imperial Iranian Air Force?

A No. I think the only thing I've seen -- or seen any time since -- I think I saw some newspaper articles recently that he was involved in some sort of a sale of ammunition or something, but that was in some newspaper article

I have seen in the last perhaps year or so.

Q So, other than public sources --

A No, I've not aware of it.

MR. WOODCOCK: Okay. I don't have any further questions on this.

MR. HOLMES: Okay. Let me just follow on the last question.

EXAMINATION

BY MR. HOLMES:

Q The person that he was supposed to be involved in in the ammunition sale happened to be [redacted] You had never heard, up until the time of these hearings that he had, in fact, been bribing [redacted] through the early '70s?

A No, I have never heard that. The first time I ever knew he was actually involved in selling ammunition, as far as I can remember, was, when I saw that in the newspapers.

Q He was actually selling ammunition and primarily selling an opportunity to build an ammunition plant in Iran for a U.S. company, and as part of that was enriching [redacted] in a Swiss bank account. You had never heard up until these hearings that the very person he was planning to infiltrate had, in fact, already been bribed by him?

A No. I can't even make those match up, because what I remember reading is a very short story in one of the newspapers, and I don't even remember if [redacted] name was in that story, that said he was involved in a sale of ammunition to the Iranians, and there had been, you know, bribes involved in that sale. And I can't even remember when that was.

Are you saying during the time of this hearing? I don't even remember that. It's been within the last six months or year that I've seen that, but I can't define it more closely. I don't recall [redacted] name being in the story that I saw.

Q Have you had any contact with [redacted] at all since 1976?

A Why are you saying "since 1976"? I never met [redacted]

Q Well, you had some conflict with his name in '76, because it's in your memo.

A Yes. But that doesn't mean contact. I think we're talking past each other. I do not know [redacted] I don't recall ever having seen him or met him, and if you use that, in the course of any day, hundreds of names came across my desk in the traffic.

Q Do you recall talking with [redacted] at any time since these memos in '76?

A No. As a matter of fact, the only time I remember anything else coming up about [redacted] was some newspaper guy called me one day and asked me if I knew where [redacted] was. I think he's alive, in the United States, based from this inquiry that I got.

Q But you don't know where?

A I have no idea.

Q Have you ever been present when Wilson and Secord discussed rescuing [redacted] from Iran after the fall of the Shah?

A No, I don't recall any such conversation. You know, it's not the kind of conversation that -- in what year?

Q Sometime after the fall of the Shah in '79.

A No. In '79? No.

Q After that?

A No.

Q Do you recall any discussion for bringing any Iranian out of Iran after the fall of the Shah?

A Remember, I retired in '79. The fall of the Shah was, I think, after I retired. I just can't remember when the Shah fell. I retired in August of '79, and I think the Shah --

MR. WOODCOCK: I think he had left the country by then. I think he left sometime in early 1979.

THE WITNESS: Okay. But by then, if he left in early '79, I was not in a job where that would have been a topic for discussion with me.

BY MR. HOLMES:

Q I'd still like an answer to the question.

A I'm answering it.

Q Whether you heard such a discussion?

A I had no reason to. I'm trying to place myself chronologically in the sequence of where I was. In '79, I wasn't in a job where I would have access to that kind of information, where it would normally be discussed with me. I was in an entirely different kind of a job, and I have no recollection of [redacted] being a subject of discussion. I wasn't consulted. Nobody asked me about him.

Q During the time of the investigation of Secord and Wilson and others in relation to their dealings in the Mideast, do you recall any discussion about Secord's use of an airplane purchased by Wilson here in the United States?

A Yes, I think that came up in some of the questioning of me. I know there was an airplane, and I know from these questions, and so forth, that Secord flew the airplane.

Q Would I be presuming too much, if I presumed that clients may have discussed this topic with you since he was alleged to have flown with Secord in the plane?

A No, I don't recall that coming up with conversations with Clines. My recollection of that -- and this was a series of questions that were put to me by an investigator at that time.

Q You don't have any recall of any discussion about it with principals, then; is that what you are saying?

A I'm trying to give you an answer, and I think I'm telling you that I don't recall. My recollection is that I was asked about this, and I'm aware there was an airplane, but my memory of it is that this came from questioning about others who were playing the role that you're playing.

Q So you did know about it before you were asked about it?

A No, I have no recollection of being aware of that.

MR. HOLMES: That's all. We can meet after lunch.

Off the record.

(Whereupon, at 1:05 p.m., the taking of the deposition was recessed, to reconvene at 2:10 p.m., this same day.)

AFTERNOON SESSION

(2:10 p.m.)

Whereupon,

THEODORE G. SHACKLEY

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION (Continued)

BY MR. HOLMES:

Q You understand you are still under oath?

A Yes.

Q This afternoon, we are going to skip around a lot, and if we hit the same general point, obliquely, several times, you will understand why, and hopefully, we will be able to move along a little more rapidly.

You mentioned Mr. Robinette the last time you were here.

Could you tell me the history of your association with Mr. Robinette?

A My memory is, I knew him for years and years in the Agency. I can't tell you when I first met him in the Agency. He's an old-time career employee, and so was I.

Q Have you ever had any association with him outside

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the agency?

A Social contact. Talked to him periodically.

Q No business contact?

A No. I think, at times, we talked about risk analysis business, investigative activity and so on, but we never did any real business.

Q Have you ever spoken with him about his activities during 1986?

A I talked to him in the context of the Avirgnan-Honey lawsuit. I remember talking to him sometime about the Avirgnan-Honey case, yes.

Q What about it?

A You know, what did he know about it and trying to figure out what he had been looking at, if he had been looking at it. You know, he's a professional investigator, has worked for a lot of companies at various times that had investigated resources, and I wondered whether he knew anything about this particular group.

Q Did he ever work with Ed Wilson, do you know?

A Not that I know of.

Q What did he tell you about what he knew ahout the lawsuit?

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A Basically, what he told me was, this suit had been filed, what I already knew, that the majority of the people were not linked together by any common thread. We talked about tracking down some depositions. There are some depositions by various people who are involved in that suit, that were taken in Costa Rica, and so forth, or in the United States. He was going to track them down, and so was I.

Q Was anything else said between the two of you about his activities in Central America in '86?

A Not that I can recall. Everything was focused really on, basically, this lawsuit.

Q Did you have any idea that he was doing any work on the home of Oliver North?

A No, I didn't. I don t think that ever came up in any conversation with him.

Q Did you know Mr. Casey?

A I met him on one or two occasions.

Q How did that occur?

A I was at a dinner party where he was a speaker. I remember meeting him under those circumstances.

Q Was that the only meeting you had with him?

A There may have been two similar type things, where

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he was the guest speaker at a small group that I was at.

Q Did you ever dicuss policy with him?

A No, I had no reason to discuss policy with him.

Q Did you ever discuss with any person a potential idea for a business, the name of which was to be International Security Systems Limited?

A International Security Systems? No. Could you tell me any more about what you're trying --

Q My understanding of the business idea was that it was to be a longtime European headquartered trading business aimed at Iranian trade.

A No, I don't recall any conversation like that.

Q Do you recall any conversation about that idea, whatever label might have been placed on it?

A I recall some conversations with people who had retired from various governmental agencies around the world to create some sort of an international risk analysis company, and s don't know that there was a time ascribed to that.

Q With whom have you discussed the idea of an international risk analysis company?

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A It's one of those files in one of those boxes that I gave you. A fellow by the name of Peleg Radai. I don't even know what the thing was. The name of this one company was International Protective Security and Intelligence.

Is that what you were saying?

Q No, that's not the name.

A International Protective Security was the name of his company.

Q The document you just referred to is a portion of Exhibit 6 marked as H00231, his business card.

I gather Mr. Radia, referring to SH 229, was at least for reference referred to Oliver North of the NSC by yourself; is that what this document indicates?

A No. What I recall of that is, he told me he already was in touch with Oliver North, and I said, "Based on what you're looking for, that's your best bet for obtaining it."

Q Do you whether he did, in fact, contact Oliver North?

A I have no way of knowing.

Q What was it that he was looking for from Oliver North?

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A I think that he was looking for information on something to do with a lawsuit in a magazine in Greece.

Q The issue is whether a magazine named "Ethanos" was KGB-Connected?

A Right.

Q And referring to SH230, the next page, Mr. Radai told you that Mr. Livingston and also Mr. North were trying to help him determine whether or not that was a true allegation?

A Let me check what I wrote there.

(A pause.)

Yes; right. That's what I wrote.

Q Did you ever discuss the concept of a worldwide risk analysis organization with anybody other than Mr. Radai?

A There's another folder in there. I discussed it one time with a Mr. Navoth -- N-a-v-o-t-h, I believe.

Q Where's he from?

A He's from Israel.

Q And Radai is also from Israel?

A Yes.

Q What is the time period of these discussions?

A I don't know, really. You know, we're jumping

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around a lot here, and you're asking me some questions in 1976, and then we're up into the '80s here, and I can't be more specific. It's in the file.

Q Does this Radai file help you at all?

A Yes. I need the other one. Okay. The first contact with Mr. Radai with my office was in February of '86. I did not talk to him in February of '86, but --

Q And so the conversations you're talking about with Radai, in any event, were in '86?

A Right.

Q What is that the international risk analysis firm would engage in, exactly?

A Just risk analysis, what is the threat and the business environment, and so forth.

Radai was particularly interested in doing work for airlines, helping them with training programs to deal with international terrorism. Looking back on this Livingston, that was not discussed with me, as I look at this memo.

Livingston was discussed with an associate of mine in my office. That was the first contact.

Q This is Neil Livingston; is it?

A I don't know who it is. It just says Mr. Livingston

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was a political analysis firm.

Q Do you know Neil Livingston?

A No, I don't.

Q Do you know Doug Schlachter?

A Yes.

Q How do you know him?

A He was an employee of Ed Wilson on Wilson's farm.

Q And you met him out there on the farm?

A Right.

Q How often did you go to Wilson's famr?

A I'd say I'd occasionally go down there for a Sunday picnic. I'd drive down with my family, and I'd bring some wine and he provided the hamburgers. We'd have a cookout.

Q Did your daughter have a horse that was there?

A Yes.

Q More than one?

A No, just one. I bought a pony from the Wilson family.

Q And this is the same pony.

A This is the same horse. Eventually, it grew up to be a horse. I bought it as a foal.

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Q Not a pony?

A No. I bought it as a small horse. Not a pony. The term may not be correct. I bought it when it was a small --

Q Ponies don't grow up to be horses.

A All right. This was, I guess, some sort of a offbreed quarter horse or something.

Q How much did you pay for it?

A I don't know. Probably some munificient sum like $150 or $200. I'm not sure what the exact amount was.

Q Moving through time with Schlachter, what dealings did you have with him?

A I basically didn't have any dealings with him. He was around on some occasions. He and his wife would join in on these Sunday picnics. They lived on the property.

Q Did you ever have any business dealings with him at all?

A No. I was not involved with him in any business transactions.

Q Never received money from him or gave money to him under any circumstances?

A Never gave him money, never received any money from them.

Q Do you know Bobby Barnes?

A No.

Q Never met him?

A No, I never met him.

Q When you were at the agency, did you have any direct connection with Nicaragua?

A Well, no. I mean, I don't know. You have to phrase that question somehow differently because that doesn't generically mean anything to me. In other words, what are you trying to ask? Because did I have any contact with Nicaragua, what does that mean? I mean, I read traffic about Nicaragua.

Q Let's start with, were you ever there?

A No, I don't ever recall being in Nicaragua.

Q Did you have any meetings with Somoza?

A No. Never met Somoza.

Q Did you discuss with Mr. Clines or Mr. Wilson any meeting that he had with Somoza?

A No, I did not. I have no recollection of that. But that's again like one of these other questions that you asked me during the course of this investigation. Other investigators have asked me, you know, so I know or at least I assume there has to have been some contact between them.

Q But like any other instances, you didn't know about any contact that they had with Somoza or trips to Nicaragua?

A No, I was not aware of it.

Q Or any of what turned out to be allegations before you were asked about it in an investigative context?

A Right. I was not aware of it.

Q Did any business that you have been associated with receive money through a corporation in Texas?

A Any corporation in Texas?

MR. MC KAY: Can you give us the name of it?

THE WITNESS: If I'm not mistaken, API Distributors was originally a Texas corporation licensed -- I think it was licensed to do business in Virginia.

BY MR. HOLMES:

Q And did it remain incorporated in Texas?

A I don't remember. This is what I recall. That may have been a Texas corporation, licensed to do business in -- I can't remember if it was Texas or Delaware. That's the only one that I can think of.

Q Was there a Delaware corporation that was associated with you in some way?

A Let's see. RAI is a Delaware corporation.

Q RAI is a Delaware corporation?

A Yes. TGS is a Delaware corporation, as I recall, doing business in Virginia.

Q Did Hakim have anything to do with EATSCO that you're aware of?

A Was he ever present at their offices, that you're aware of?

A No. I can't say that I ever say him there. My own trips out there were very rare, and therefore, not necessarily a good indicator. I never recall seeing him there.

Q I notice in your financial records a line of credit.

A Yes.

Q Do you know what a back-to-back loan is?

A Yes, generally.

Q Has any corporation or any of the businesses we listed out this morning ever had a back-to-back loan that you're aware of?

MR. MC KAY: I don't understand what that has to do with his line of credit. Are you tying the two together?

MR. HOLMES: I'm just telling him why I'm asking him the question.

MR. MC KAY: So that was some preface to back-to-back loans?

THE WITNESS: No, I can't recall any. The line of credit I have is from a bank for TGS International, and that's simply a line of credit obtained from the bank that's periodically renewed.

BY MR. HOLMES:

Q Turning then to that specific line of credit, that line of credit is in no way conditioned on or related to any deposit that may have been placed in another financial institution anywhere in the world?

A No.

Q I hesitate to ask you some of these questions, because I probably asked you before when you were not under oath. I have to ask again.

You are aware of a bank called Nugan-Hand Bank?

A Yes, aware of it. I'm aware of the existence of the bank called Nugen-Hand.

Q Ever been in Australia?

A Yes, I have been in Australia.

Q When?

A When I was an employee of the U.S. government.

Q What time frame?

A I have no idea. Probably somewhere in the period 1973 to 1976. Somewhere in there. That's the best I can.

MR. MC KAY: I'm going to object to the whole line of questioning about the Nugan-Hand Bank. I can't conceive of the Nugan-Hand Bank bearing upon the committee's mandate. Whatever went on, Mr. Sheehan apparently is in the Nugan-Hand Bank. For whatever reason, I don't know. He's made a great flap about it. I can't imagine why this committee's interested in Nugan-Hand Bank.

MR. HOLMES: Well, it's connection is that Mr. Clines and Mr. Secord are connected with these allegations, and they are principals in our investigation, and therefore, their associations previous are of interest to us. But I'm sure Mr. Shackley can, in some way, put this to rest.

MR. MC KAY: Well, let's move through it rather than talking. I just don't see what in the world it has to do with what we're spending time with.

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BY MR. HOLMES:

Q Have you ever been to any branch of the Nugan-Hand Bank?

A No, I haven't been to any branch. I haven't been to the bank.

Q Ever have a deposit there?

A No, I have not.

Q Ever had any control, whatsoever, over any funds that were on deposit withthe Nugan-Hand Bank?

A No, I have not.

Q Do you know anybody who has?

A I think I told you once before, the only fellow that I know that was connected with the Nugan-Hand Bank was an employee of theirs, Hand himself, and a fellow by the name of Houghton, who worked for them.

Q How did you know these individuals?

A I knew Hand from Laos. He was in Laos when I was in Laos.

Q And Mr. Houghton?

A Houghton I met here in Washington after I retired.

Q And you say he was an employee of the bank?

A That was my understanding that he worked for the

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bank, primarily specializing in the Middle East. I think it was Saudi Arabia.

Q And your connection with Houghton was after his connection with the bank was over?

A After his connection with the bank was over?

Q Was he still working for the bank when you met him? I may have misinterpreted the way you phrased that.

A All I remember is the one time he had something to do with the bank, and he was responsible, sort of, for Saudi Arabia.

Q Have you ever had any business dealings with either Hand or Houghton of any kind?

A Yes. I met Hand after I retired, on the basis of a telephone call from Bill Colby, who said Hand was in the Washington area, had asked about me, would I have any objections, in terms of meeting Hand. I met Hand here in Washington.

Q And I gather from your answer that was at least in contemplation of some kind of business relationship?

A No. We had a couple of maetings. I don't remember whether it was two or three, over the period that I had contact with him after I had retired. He put me in touch with a friend of his in Taipei, who did some research for me on trying to get valves and flanges manufactured in Taiwan. Nothing ever came of that, because of the way the Taiwanese people wanted to structure the deal. It was just not a doable deal.

Q So the reason -- the reason you answered yes to the question of business dealings with him was that there was a business type of meeting?

A Yes.

Q No actual money transferred?

A No actual money transferred. There was a discussion of whether he could help me or whether I could help him. The only thing that was ever followed up, had my office correspond with the guy in Taiwan about valves and flanges and nothing came of that.

Q Other than those meetings, you never had any business meetings with either Hand or Houghton?

A With Houghton, I think at the time I knew him, I may have seen him here in the Washington area two or three times also. On one or two occasions, I had a long distance phone call from him, where he was chasing, I think it was aviation gas, J.P. 4. And I never did put any kind of deal together.

Q Which brings us rapidly back to Ghorbanifar in November of '84' right? You met with Ghorbanifar in November, approximately the 20th, and you had been in Europe a total of about three days during that trip; is that right?

A The best I can remember it is, that it was the 19th through the 21st. That's my memor of the thing, the 19th through 21 November of 1984.

Q I want to know the names of every single person that you met or talked to during those three days.

A Well, let's see. I left here with [redacted]

Q All right. [redacted] is one.

A I talked with [redacted] Got to Hamburg and met [redacted] The next morning, as I recall, I met Ghorbanifar and talked with [redacted] I'm trying to walk through this chronologically. Oh, I had dinner with a German friend of mine that evening.

Q Who is that?

A His name is [redacted]

Q His first name?

A [redacted]

Q And did that have anything to do with business?

A No. Let's see. I had dinner with him and his wife.

Q Anybody else?

A I'm trying to think. Well, that evening, when I talked to [redacted] no, but I had asked [redacted] to check for me on the possibility of who from the Iranians might be in Hamburg.

Q How would he be able to check that?

A [redacted]

Q A government type?

A Yes. [redacted] government.

Q Did he ever tell you who?

A No. He wasn't able to run down anybody that was any kind of concern.

Q You were trying to ask him if the Iranian government was shadowing you?

A No. I din't know when we arrived who we were going to me, so I asked him to try to find out for me who was going to be in the area, could he check, was there any reception planned, and so forth, with a delegation, to find out that kind of data for me. I was trying to figure out who these people were going to be.

Q This was before you met Ghorbanifar?

A Yes. Or maybe it was -- yes, I met him the next morning. I think I talked with [redacted] on the phone when we first got there on the 19th.

Q And then he reported back to you later on that he was unable to determine anything?

A Yes. Basically, there wasn't anybody of any particular interest there.

Q And when did he report that back to you?

A Probably either the late evening of the 19th or the morning of the 20th.

Q So he got right on the phone then?

A Yes. I talked with him on the phone, as I recall.

Q And he must have gotten right on the phone.

A I don't know how he did it.

Q Was there anybody else that you met during these three days?

A No. I flew from there, as I recall, to London and then from London back to the states. As I flew Hamburg to London and then London to the states.

Q And you didn't meet anybody in London?

A I don't have any recollection of that. I'd have to look at my travel, and so forth, but I don't have any

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recollection at this point in time. I think I came straight back. That's what I recall.

Q All right. Do you know a Misha Popov?

A No, I do not.

Q Do you know a Harry Rastatter?

A Yes. I think I have talked to a fellow -- wait a minute. Harry Rastatter, the name is familiar. It has come up in some context. If you refresh my memory a bit as to who he is.

Q He was an associate of Hakim's through the late '70s, early '80s in California and elsewhere.

A The name is familiar to me. I can't place it in any context at this point in time. I can't sharpen it up any more. There are two or three people in that company that we dealt with. You asked me the other day about one of them, who was the guy that worked on some radar thing, and I remember him vaguely. His name is familiar, and I know it came up in other questioning of me, but I can't place it at this point in time.

Q I don't recall whether you have told me that you did or didn't see any part of the hearings.

Did you see any part of the hearings on this?

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A I watched some of it, but sort of an in and out kind of thing. You know, stop and look at it. It was on in my office.

Q If I refer to ARIA, a ship that was purchased through Denmark by North, Secord, Hakim, et al., would you know what I'm talking about?

A Yes, I know there was discussion of the purchase of a ship.

Q Had you ever, through any other source, heard about the ship prior to the public disclosure?

A I have no recollection of anything about a ship.

Q And there was also reference in the hearings to some radios that were supplied to [redacted]

A I have no recollection of that ever coming up in any conversation I have been involved in.

Q You never discussed supplying any radios to any [redacted] nation with anybody prior to the hearings?

A No, I have no -- I recall no radio.

Q Would it be fair to say that after the Turner years, that the CIA was engaged in a period of rebuilding and revitalizing its covert operation capabilities?

A After the Turner years?

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Q Yes.

A I have no way of knowing.

Q You don't mean to say that you just haven't talked to anybody in the CIA since you retired?

A No. But that's not the kind of thing you would talk to him about. For ins~~s~~tance, I have been at meetings where people who were still in the CIA were present. I may have said hello to them, John or Bill or whatever it is, and may have discussed the topics that were being kicked around at the symposium or whatever, but I certainly would not have talked to them about covert action capability and what they were doing.

Q Have you discussed with anybody the general proposition of a need for a covert or paramilitary action?

MR. MC KAY: In what context? Is this since '79?

MR. HOLMES: Since '79.

MR. MC KAY: In terms of CIA activity?

MR. HOLMES: No. As a general proposition, in or out of the CIA.

THE WITNESS: You're going to have to be more precise. You know that I've written a book on guerrilla warfare. You know, I've lectured at universities, and so

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forth, but I don't -- I taught a course at Georgetown, so yes, I have talked about the reorganization of the intelligence community, but that's something I have also written about in my book.

I have written articles on various and sundry things, but I don't discuss those with the people in CIA? I lectured at the Air War College.

BY MR. HOLMES:

Q So am I understanding correctly that you, since '79, have taken a strictly intellectual role in that process?

A That's right.

Q In other words, as an academic advocate perhaps, but in no way connected with any operations?

A I have not been connected with any CIA operations since I retired.

Q Have you been connected with any operation that could be classified as a covert or paramilitary, even outside of the CIA?

A No, I have not.

Q Do you know a Norm Callahan?

A No. That name doesn't ring any bells with me.

Q Have you ever met a Heine Aderholt --

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A-d-e-r-h-o-l-t? Is that the correct spelling?

A This Callahan? What is his first name, Norman?

Q Norm, yes.

A No, I don't recognize Norman Callahan. [redacted]

Q Are you familiar with Mr. Aderholt?

A I met Aderholt at some point in Southeast Asia between 1966 and 1972.

Q Have you had any association with him since then?

A I think I may have seen him once since I retired, in some social event here in Washington. That's the only thing I can recall.

Q No business association?

A No.

Q Have you ever discussed with him covert operations or the general need for them?

A No. I don't recall. I don't recall discussing it with him, but he and I were at a symposium, I think, and if you call that a discussion with the people talking from the floor, I don't know.

Q I wouldn't classify it as that.

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A But he and I were at the National War College at some symposium.

Q Do you know of a person named Svendsen -- S-v-e-n-d-s-e-n?

A No.

Q A former Air Force officer?

A No. I don't have any memory of a Svendsen.

Q Do you know of a company named All Source?

A No, that doesn't tell me anything. I'm not familiar with that company, All Source.

MR. MC KAY: I don't think that's even on the sheet.

Off the record.

(Discussion off the record.)

BY MR. HOLMES:

[redacted]

Q Do you have any connection whatsoever with any funds that were derived or destined for [redacted] since your retirement from the CIA?

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A No.

Q Do you know an individual named Max Hugel?

A No, I don't personally know him.

Q Do you know of him?

A I know of him from reading about him in the papers.

Q And that's your only connection?

A That's my only connection.

Q You said, the last time we were together, that you knew Richard Allen?

A Yes.

Q Have you ever discussed --

A I think I said that, but I do know Richard Allen.

Q Have you ever discussed with him the need or a need for a covert operations capability?

A No. And certainly not in any one-on-one conversations. He may have been in some symposium, again, that I have been at.

Q Have you ever been to Panama?

A When I was in government, yes, I think I transited Panama a couple of times. [redacted]

[redacted]

Q Do you know the name Steven Samos, as a person

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in Panama?

A No. That's not a name that registers with me.

Q It's S-a-m-o-s.

A No.

[redacted]

Q Are you familiar with the name Ramon Milian Rodriguez?

A No, I'm not, but I think I read something about him in the papers recently.

Q Prior to your reading about him in the papers, you had not heard about him?

A No, that's not a name that I'm familiar with.

Q Just so we're on the same wavelength, what was it that caught your attention about this individual in the newspaper?

A I think I read somewhere that he is in jail, that he's a drug smuggler or something. That's what I remember reading about him.

Q I think we must be talking about the same individual. This one was a money launderer, to be precise, for drug smugglers.

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A It's probably the same individual. That's the extent of my memory from what I read is different from what you're telling me.

[redacted]

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[redacted]

Q Since your retirement from the CIA, have you become aware of any government entity using a commercial laundering service?

A No. I'm not aware of any.

Q How about any other entity? Have you any knowledge of any such service even existing? Let's start with that proposition.

A You mean money being transferred or converted somehow?

Q Right.

A No, I'm not, other than straight commercial bank transactions. No, I'm not.

Q Now, this Milian Rodriguez claims to have made payments to the Watergate burglars with government funds.

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Can you confirm or deny that that occurred?

A I have no way of knowing.

Q You just don't know?

A I just don't know. I have no way of knowing.

Q Now, you know an individual named Benson; is that correct?

A What's the name?

Q Benson.

A Which Benson?

Q I don't know which Benson. [redacted]

Q And did he furnish you with any information after you left the CIA?

A No. He came up, I think, one time when I talked with him, when I was checking something about an overt

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reference to the Soviet constitution, when I was writing my book, and I think I talked to him about my book, and I think in some library or one of the libraries who looked up something for me on the Soviet constitution. An exact quoting out of the Soviet constitution.

Q That's the only information you received from him since you retired?

A Right. Well, he works with me now. [redacted] If we're talking about the same person.

Q He works with you now?

A Yes. A fellow by the name of Benson Grayson. He's an economist researcher, and he's working for me, if that's who we're talking about.

Q Your papers identify Barbara Rozzotti as a primary counsel to your firms.

A Yes.

Q This is the same woman who was also Hakim's lawyer?

A I don't have any knowledge of her being Hakim's lawyer.

Q Is she also Clines' lawyer?

A Let's eee. Yes. At one time, she did represent

Clines.

Q And that was in connection with the recovery of the loan from Wilson?

A I don't know the totality of what she did for him, but I know she represented him.

Q Did you discuss her with Clines?

A Discuss what?

Q Did you discuss the underlying acts on which Barbara Rozzoti was representing Clines, with Clines?

A No, not once he got off and was off into -- she was the lawyer for -- she worked on helping me get API properly registered and, you know, that kind of thing, and in later years, I know that she represented Clines. What was the nature of the representation, I don't know.

Q Did you ever come into possession of furniture that had once been used by Mr. Wilson?

A Not that I know of. but I think in the API offices, there was some furniture there that Mr. Clines had, and I have heard stories that some of that, at one time, belonged to Wilson.

Q From whom did you hear the story?

A I don't where I heard those stories, but that's what I heard.

Q Did you ever ask Mr. Clines,"where did you get the furniture"?

A No.

Q Did those stories include the story that the furniture had once belonged to Task Force 157?

A No, I had not heard that.

Q So the story you heard was that it was Wilson's personal furniture?

A Right. It had, at some point in time, been in some facility that Wilson had had, and Clines had the furniture. That's all I can tell you.

Q Have you or has any business you're associated with ever received funds from Mr. Clines at the EATSCO office?

A Any funds ever received from EATSCO were, as far as I know, collected for the papers that we did for them. I don't know how I got those. I assume those came in the mail, but they were very slow paying. Maybe I did go out to their office. I don't really know. I think I got paid by check and all of those came in the mail.

Q None of that money was in cash?

A No.

Q And it was not in excess of the total of $8000?

A That's my recollection that the total was $8000.

Q Did you ever know Frank Terpil?

A No.

Q Did you ever discuss with Mr. Clines his relationship with Ghaddafi?

A His relationship with Ghaddafi? Clines' relationship with Ghaddafi?

Q Yes.

A No.

Q Did you ever discuss Wilson's relationship with Ghaddafi with anybody, including Clines, prior to the investigation?

A No. This has all been covered ad nauseam in all these investigations, and so forth, so I know that Wilson was doing work for Ghaddafi.

MR. MC KAY: He's asking you, prior to the time of these investigations.

THE WITNESS: No.

MR. HOLMES: I'm aware this is something you know ever since the investigation.

BY MR. HOLMES:

Q Does Clines have a daughter?

A He's got a couple of daughters.

Q Either one of them ever work for Hakim?

A Not that I know of.

Q Do you know a Jerry Daniels?

A I know a Jerry Daniels.

Q How do you know him?

A He was in Laos.

Q When you were there?

A Yes.

Q What has your relationship been with him since then?

A He's dead.

Q When did he die?

A I don't remember when he died. He died after I retired, but that's as close as I can fix it for you.

Q Between Laos and the time that he died, did you have any contacts with him?

A I don't ever recall seeing him after I left the government.

(Recess.)

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BY MR. HOLMES:

Q We were talking about Jerry Daniels, and I just asked you if, between Laos and the time of his death, you had any contact with him.

A I don't recall between my retirement and his death.

Q Is there a Four Seasons restaurant in the Washington, D.C. area?

A Yes.

Q Have you ever been there?

A Yes.

Q Ever been there with Secord?

A I have no memory of going there with Secord.

Q Have you ever been there with Hakim?

A Yes, I think I have.

Q And how and when did that occur?

A A number of years ago. I can't remember when Hakim stayed there, and I think I met him, and either had breakfast or lunch with him at the hotel.

Q Approximately when was this?

A I have no idea.

Q Was this after your '76 meetings with him?

A No. This was after I retired, but I don't know

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when that was.

Q Could Secord have been there with you and Hakim on that occasion?

A I have no memory of Secord being there.

Q Have you ever heard of an air freight company named Trans World?

A No, I haven't. I think it's one of those listed in your subpoena document.

That's my only --

Q Do you know an Ed Dearborn?

A Ed Dearborn?

There used to be -- I don't know whether this is the same fellow. [redacted]

Q The same individual.

A All right. So I know hi[redacted] I don't ever recall seeing him since I retired.

Q Do you know a Gene Wheaton or Carl Jenkins?

A Carl Jenkins, I know. And what is the other guy's name?

Q Gene Wheaton -- W-h-e-a-t-o-n.

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A [redacted] but I don't remember his first name. I'm not sure it's the same guy, [redacted]

Q Let's assume it's not.

A Okay. That's the only Wheaton that I can remember.

Q And Carl Jenkins?

A Carl Jenkins, [redacted]

Q Have you had any contact with him since then?

A I haven't seen him in a number of years. He occupied some office space in Clines' companies at the time that I moved out of there. He was beginning to occupy some space.

Q And the nature of his business at that point in time?

A I have no idea.

Q You have never done any business with him since then?

A No.

Q No business-related discussions?

A I didn't do any business with him then. You say I haven't done any business with him since. I mean, I haven't done any business with him. I just know he was scheduled to move in, as I moved out.

Q I understand. All right.

Have you heard of the Southern Air Transport since your retirement, other than these investigations?

A No, not other than these investigations.

Q The name Southern Air Transport was new to you when it hit the newspapers as connected with the Hasenfus airplane?

A You're going to have to clarify that. Southern Air Transport, you know, you asked me some question about it, and I told you you ought to go talk to the Agency about Southern Air Transport.

Q All right. I'm going to carve out a piece of time.

A So you're going to have to be more specific. Otherwise, I can't help you.

Q You retired in '79?

A Right.

Q From the date of your retirement -- that's the beginning date -- Hasenfus was shot down October 5, '86. That will be the ending date. Did you hear about Southern Air Transport between the beginning and ending date?

A No. I don't recall Southern Air Transport ever coming up.

Q Do you know an individual named Bob Lilac?

A Yes. I know Bob Lilac.

Q How do you know him?

A He was an Air Force officer working in the Pentagon, and as I recall, I met him here in Washington after I retired.

Q And in what context?

A I think I met him when I was helping Bander Bin Sultan, when he was working on his master's program.

Q And you were helping Prince Bander in what program?

A He was getting a master's degree from Johns Hopkins ~~Zeiss~~ SAIS University here in Washington.

Q What help were you to him in that program?

A I was part of the lecturing staff for his master's program.

Q Would you explain to me what that is?

A Well, a program was laid out for him by a group of people, so he could qualify for a master's program. I was one of the instructor — lecturers in that particular program.

Q And they called it a lecturer, even though it's more like a tutor?

A Yes. That's my recollection of what they called it, was a lecturer.

Q The function that you performed was one-on-one tutoring with the Prince?

A Yes, basically, one-on-one. Sometimes there would be one or two other people there.

Q And this was what period of time?

A I retired in '79. I don't know. It could have been '79-'80, somewhere in that period.

Q And the subject of your lecturing?

A Was such things as national policy formulation?

Q And that was arranged through Mr. Lilac?

A No. That's how I met him. Lilac was in and out of Bander's quarters at that time, and if I'm not mistaken, Lilac was the Saudi Desk Officer at the Pentagon at the time.

Q Was he also a personal friend of the Prince?

A I couldn't characterize that. He was in and out there all the time. That's all I can tell you. What their

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relationship, I don't know.

Q We touched on a project with Mr. Neidhart -- N-e-i-d-h-a-r-t -- at Hakim's company, Stanford Technology.

A Yes.

Q The nature of the particular project was helicopter transportable radar; is that correct?

A No. You were trying to --

Q I asked you once before.

A You tried to get me into this helicopter radar business, and I was telling you that, no, my recollection was radar for Trinidad and Tobago, and it was coastal surveillance type of radar.

Q Would it be suitable for installation in a van, for example?

In other words, was it mobile?

A I don't remember. All I know is it was coastal surveillance radar.

Q Do you know whether any such system or similar system had ever been developed by the CIA or any contractor for CIA?

MR. MC KAY: What system?

MR. HOLMES: The system he was discussing with

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Mr. --

THE WITNESS: No, I'm not aware of any.

BY MR. HOLMES:

Q You're not aware whether there was or wasn't?

A Yes. I mean, that's normally not the kind of thing that would have been developed by CIA.

Q Have you had any dealings with Jamaica since you retired?

A No. Dealings? No. I had some inquiries that I made of these things, but I haven't had any dealings with Jamaica.

Q What were the inquiries about?

A I was trying to find whether the Nigerian oil minister was visiting Jamaica, and he was supposed to be in Jamaica.

Q You never had any business dealings?

A No, nothing.

MR. MC KAY: Off the record.

(Discussion off the record.)

BY MR. HOLMES:

Q Since you retired, have you met former National Security Adviser Robert McFarlane?

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A No.

Q Have you met Elliott Abrams?

A No.

Q Do you know whether they are members of an organization known as The Circle? Just yes or no.

A I don't know that they are members of that organization.

Q Have you ever heard of an individual named Richard Brenneke -- B-r-e-n-n-e-k-e?

A No, that's not a name I'm familiar with.

Q He's an Oregon businessman.

A No, that doesn't ring any bells.

Q I'd like you to tell me what your history of association has been with Oliver North.

A Very simple.

Q It may be a very short story.

A It is very short. I ran into him once, as I told you, in the office of a Washington attorney.

Q Now, that's for personal meetings; right?

A Right.

Q That's your history with North on personal meetings?

A Yes.

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Q Have you ever referred anybody to Oliver North for any operational purposes?

A No, not that I can recall. You know that one file that we're looking at, somebody said they were already in touch with North, and I said that's probably a good guy to be in touch with.

Q And you have never spoken with him on a personal meeting, other than that one time?

A That's right.

Q And I ask you the same questions for Mr. Poindexter.

A I did meet Poindexter once sometime in the fall of 1985.

Q What were the circumstances of that meeting?

THE WITNESS: Can we step out for a minute?

MR. HOLMES: Sure.

(Recess.)

MR. HOLMES: Back on the record.

THE WITNESS: Would you mind repeating the question?

BY MR. HOLMES:

Q I asked you the circumstances of your meeting with

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Vice Admiral Poindexter.

A I took an Italian citizen over to the White House to meet him. After the introductions were made, I left.

Q This was in the fall of '85?

A Yes.

Q You have never spoken to him before or after?

A No, I have not spoken to him before or after that.

Q And how was it that you took this particular citizen to see him?

A This fellow was looking to talk with either Poindexter or McFarlane, and I arranged for him to meet Poindexter.

Q For what purpose?

A To discuss a Vatican issue.

Q I gather, from the fact that you referred to your lawyer, that this has some national sensitivity?

A Yes. It's a sensitive thing, and it is Vatican business and doesn't have anything to do with this.

MR. HOLMES: I'm going to go through these files that you provided us and simply stop at points where questions come up.

As we go through, I'll identify the page number

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that we're referring to, and in each case, the number will begin with an "S-H." I'll just say the numerical designation that follows.

BY MR. HOLMES:

Q I'm looking at page 163, the Michael Ledeen file. I gather from this and other documents in this file, that you have been discussing deals relating to oil with Mr. Ledeen for a number of years; is that accurate?

A Yes. Either I or somebody in my office, primarily Mr. Jameson, one or the other of us.

Q And would it be fair that you and Ledeen were partners in various ventures, hoping to obtain oil fields?

A No. That;s not --

Q Why is Mr. Ledeen receiving copies of these various proposals then?

A Can I see that one? I think, as I told you the other day -- okay, this looks like, if a deal had come out of this, there would have been a fee for the participants. But it's not a structured kind of thing, where you would call it a partnership. In other words, somebody helped you put together a particular oil transaction, you end up with the equivalent of a finder's fee. Had one of those gone

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through, that's what would have occurred, but the reason I wanted to look at this is because Mr. Jameson and Mr. Ledeen did do some business separate from me. I wasn't interested in pursuing it. I think I told you that I didn't think it had any chance of success, and I wasn't interested in pursuing it. They decided to pursue it. They did and nothing ever came of it.

Q Although the word "partnership" sounds a little strong to you, maybe "joint ventures" and certain discussions, how would you characterize that sort of networking daisy chain?

A I would just say it's a finder's fee type of arrangement. Somebody helps you put a deal together, and depending on what your exact role is, if the deal goes through, they would get a percentage of that particular transaction.

Q Did you discuss in the early stages of a particular deal what percentage the finder's fee might be?

A No.

Q Was it understood to be a flat rate then?

A No. It was understood that if we got beyond the point of these basic inquiries, my experience has been

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that there are so many of these, and 99 percent of them don't go anywhere, that it's ridiculous to structure anything.

In other words, if you simply send off a telex to make an inquiry and nothing happens, you don't do anything. And that is what happened to most of those.

As a matter of fact, that's what happened to all of them.

Q You're sort of relying on each other's good faith, that if you strike oil, so to speak, you will be fair to each other in parceling out your commission?

A Right.

Q I notice that a number of these deals involve Portugal in one way or another, and I use that observation to ask you whether you ever discussed Portuguese officials or made introductions or referrals between Portuguese officials and Tom Clines.

A No.

Q Looking now at number 166 -- page 166, in the same file -- this particular one happens to be dated 21 November 1984, the day on which we know you were in Europe, and this is from Jameson to somebody in Portugal on behalf of yourself and Mr. Ledeen; is that correct?

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A Let me take a look.

(A pause.)

Yes, that's what it says. It's to a company to look at an oil transaction. It would be a trade of commodities for oil.

Q This particular oil is Iranian oil?

A Yes.

Q And you're talking to 2 million barrels at $22 a barrel?

A Yes.

Q Does the fact that Ledeen's name appears on this document indicate that he is dealing with you on the deal as a co-commission?

A I would say that, based on that, that he and Jameson had a conversation -- let me see if there's anything else in there -- that they had a conversation, and on the basis of that, one or the other decided to -- this makes reference to another message.

Without going back into this thing, it makes reference to Mr. Miranda. Mr. Miranda was the head of the Portuguese Oil Company, and I don't know what prompted this particular one, but obviously, Miranda was asking that

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Jameson go back to this particular guy and spell out the deal.

Q All right. Now I gather that Jameson is answering for you and Ledeen, since you're not there.

A Yes. He's answering in a generic sense, yes.

Q Was Ledeen also there?

A That I don't know.

Q And on page 173, we have a very similar document, this one referring to Saudi light up to 50,000 barrels per day at $27.85 a barrel.

Is this another feeler type?

A Yes. Let me just see it. Yes, that's another one. I would say, on the basis of that, that's something that Ledeen came up with. Sent it to Miranda, the fellow at the Portuguese Oil Company.

Q So would it be accurate, in the vernacular, to say that Ledeen is sort of bird-dogging the deals for you?

A No, he wasn't bird-dogging for me. If he found a deal and he thought I could help out, or I was the best one with facility for helping out, he would come to me. That doesn't mean he wasn't dealing with two or three other people at the same time.

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Q Page 176. Another Iranian crude deal. This one is 300,000 barrels per day for a year. That's a sizable chunk of change, isn't it?

A It would be, if it went through.

Q My little math that I did when I read that indicates we're talking about $2,682,750,000.

A Yes. But very few of those go through. Yes, that looks like another one of these deals that he has picked up and had come in and again went to Miranda. Probably one of the reasons for that is, he introduced me to this fellow Miranda, so he thought that was something that Portugal would like in the oil deal and probably came to me.

Q What type of percentage are you talking about as a finder's fee on a deal like that?

MR. MC KAY: None of them ever came to fruition.

MR. HOLMES: I know.

BY MR.HOLMES:

Q What is the industry standard?

A There is no industry standard. In other words, at that time, when it was $20-some-odd a barrel, probably would have been lucky, if you could have gotten, say, 2 or 3 cents.

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Q On the dollar?

A No, on the barrel.

Q On page 179, there's a reference to an ISI, and in parentheses, "President Michael Ledeen has located a gas supply."

What is "ISI"?

A I have no idea.

Okay. That was essentially a deal that Jameson and Ledeen worked on, which basically, after I got into it, I didn't think there was anything in it and walked away from it. They pursued it for a while and got a lot of heartburn from it.

Q This is the deal you were talking about the other day that Jameson and Ledeen did separately?

A Right.

MR. MC KAY: Let me state this on the record.

We're never going to get through here. His question is, what is ISI. You don't know what ISI is, wait for the next question, because he may not have any interest in it.

BY MR. HOLMES:

Q Did you ever discuss Portuguese government ties

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with Secord, as apart from Clines?

A No, not that I can recall.

Q I'm going to show you page 180, dated 1 March of '84, and I want to ask if you recall this deal. This is another fairly sizable deal, if it wwent through, of course.

A No, I don't recall this specific deal. That was your question; right? Do I recall the specific deal?

Q Right.

A No, I don't recall the specific deal.

Q This one is from Michael Ledeen. Do you know whether you had anything to do with this deal?

A No. It looks --

Q I assume, since he's signing off as TGS International, he was doing it at your office; right?

A Well, that looks to me like we transmitted this for him. He needed to send a telex, and we sent a telex for him as an accommodation.

Q Do you know whether anybody in your office had any part of this deal?

A I don't recall that particular transaction, and I would say, given the way that message is set up and one thing or another, I would assume we did not, that we were

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simply accommodating Ledeen by transmitting a telex for him.

Q Do you know whether anybody in your office had any conversations at all with any Japanese during this period of time, early in 1984?

A No, I don't recall our being in touch with any Japanese.

Q With whom in Portugal is this deal being done? I see that it's --

MR. MC KAY: I'm going to object. The document speaks for itself. The witness says he doesn't know anything about the deal. It's a matter of interpreting what is written down.

MR. HOLMES: I don't know how to interpret this, so I'm asking him.

THE WITNESS: That address is not the address of the Portuguese Oil Company.

BY MR. HOLMES:

Q You have had a chance to read this document. Can you tell me what business purpose would be served by this arrangement they are discussing?

A Let me read it again. I was looking at it from a different point of view.

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(A pause.)

I don't know. I can't help you on the basis of that.

Q Why wouldn't Nigeria simply sell their oil outright to the Japanese under the circumstances described here?

A It depends what the quotas were at that time. I mean, what year is that? That's '84. You'd have to do an awful lot of research to try to get an answer to that.

You'd have to go back and see what the Nigerian OPEC production quota was, whether they were in excess of their quota at that particular time, whether this was a way they were trying to circumvent the quota. A lot of cheating on quotas.

Q So you're speculating that perhaps the business purpose,widely defined, being served here, is the business of selling on the free market instead of obeying the OPEC quota?

A It's conceivable that they could be selling on the world market in excess of quota, and this is a mechanism to permit them to do that.

Q And they're willing to let go of the ten percent, in order to accomplish that purpose?

A It's quite common.

Q 10 percent in this case, being $98,550,000.

A Quite common to discount.

Q Do you know whether ISI had anything to do with the deal described in page 180?

A No.

Q I'm showing you page 111 from the Albert Hakim file. I just want to flip past these. I gather from the fact that for a number of months in a row, the figure being billed comes up to $5065, totaling up the consultant's salary, secretary, office rent, parking refund for the month, that was a fairly flat rate between yourself, for yourself as RAI and Albert Hakim, as Triangle Associates, during that period of time in '82?

A Yes, because one of those consultant salaries, I told you, I administered [redacted] There was a secretary that he used, office rent, parking, the retainer for December. That was what he was paying, essentially, RAI, for papers that were being prepared for him.

Q So the consultant being referred to here is

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[redacted]

A Right.

Q And the retainer is something RAI is getting, in addition?

A Right.

Q And that apparently continues through July '82, anyway, the same general setup?

A Yes, the same basic formula.

Q Now, this one is dated March of '82. When did this arrangement begin, when did the [redacted] consultancy with Hakim begin?

A I don't know. Maybe I can tell from looking at the file.

Q That's probably the earliest one in there.

A Let's see if I can tell from that.

Q You're looking at page 126?

A Yes. Let's see. It's the billing for January, consulting fee, February. I would say it must have started about then.

Q I'm assuming that since the subpoena goes back to January of '82, that's why it ends there.

A Right.

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Q So I want to know if it was in existence before then.

A I really couldn't tell without going back. I don't have all these numbers in my head. I couldn't tell.

Q In page 15 is an example cover letter of an Albert Hakim financed RAI/Iran/Iraq War information; is that right?

A Let me take a look at it.

(A pause.)

Yes.

Q And what follows is the intelligence itself?

A Yes.

Q On page 24, there's a reference to Bell helicopters from American Bell to its Italian branch.

Are these the same helicopters that we talked about before?

A Let me see.

Q These are destined for Iran, apparently.

A No, I think that's a different thing. That was a carryover going back from what I remember, going back to the days of the Shah. That's some equipment that was sold to the Shah but had not been delivered.

Q So it was already purchased, and there was no

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further need for the helicopters, was there?

A   I think what happened is that Iran bought a lot of the equipment, but when the Shah fell, the equipment was in the pipeline and that equipment wasn't delivered, and a lot of those have subsequently been arbitrated.

Q   Do those helicopters or the promise to deliver those helicopters have anything at all in common with the helicopters that we were talking about relating to Central America?

A   No. And they have nothing to do with the helicopters we were talking about for Korea.

THE WITNESS: Can we take a break?

MR. HOLMES: Sure.

(Recess.)

BY MR. HOLMES:

Q   Mr. Shackley, looking at page 66 of the materials you provided, there is a reference to a joint venture to sell Stanley Vidmar products in Egypt. This is a memo by yourself about a meeting with Mr. Hakim in New York.

A   Right.

Q   My question is, whatever became of the joint venture you were discussing with Hakim in New York?

A Nothing. We gave him some material on the Stanley Vidmar data. He cast it in front of whoever were his Egyptian contacts. No response.

Q This related to the modularized storage?

A Right.

Q And on page 75 -- this is a telex to Hakim -- no, it's from Hakim to you, referring to a meeting a week before. That would have been in October of '82 in Geneva, about crude oil and the Iranian government. Could you tell me more about this deal, after looking at the document?

A It looks like he was proposing -- where is the answer?

Q I'm not sure we have the answer.

A That doesn't bring back any memories of anything. Certainly, no deal was concluded as a result of that. I don't know what the specifics of that are.

Q There is another reference on page 79 to either another Iranian crude oil deal or perhaps the same deal in a different reincarnation, and another one on page 85, an Iranian crude oil deal with several potential buyers on 2 September.

Would it be accurate to say that simply you and Hakim were in a similar relationship as yourself and Ledeen,

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in that you were both seeking to broker crude oil deals in the Middle East during this period of time?

A Yes. And, you know, if a deal had gone through, we would have worked out some sort of arrangement, depending on who did what.

Q And would it also be a fair observation to say we're talking about a fair amount of money in these deals as well? The one on page 79, for example, is 200,000 barrels a day or 12 million barrels, at a time when the price was in the $25 a barrel price range.

A Yes. But those are the kind of purchases that refineries do make.

Q Sure. Which makes it very attractive, if there's a possible financial venture.

A But a lot depends on how the deal is structured, what you get out of it.

Q Is it your testimony that no deal like that ever went through for you?

A No deal went through.

Q Do you know whether any deal of that level ever went through for Hakim?

A I never heard him say he put one through.

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Q Or Ledeen?

A No, I never heard Ledeen say he put one through.

Q Looking at page 5 inthe Aspin file, a letter written to "The Observer" by yourself, it refers to a chance encounter with Ghorbanifar. If I haven't misunderstood you, your encounter with Ghorbanifar wasn't exactly a chance encounter; you were specifically to meet with him.

A I went there to meet with an Iranian, not identified. I didn't expect to meet Ghorbanifar.

Q But it was not by chance that you met him. It was by design. It just wasn't known to you which Iranian contact you were to meet.

A Well, I didn't expect to meet Ghorbanifar, because I thought I was going to meet somebody from Iran. The first person I met is Ghorbanifar, who was living in Western Europe and is not a current vintage Iranian.

Q But he was produced for you, specifically for the purpose by [redacted] wasn't he?

A [redacted] introduced us to him, and then it turned out that Ghorbanifar was the individual who brokered the meeting with the Iranians from Iran. But I hadn't expected to meet Ghorbanifar.

Q It was your understanding, Ghorbanifar's role at the meeting was simply to act as a go-between between [redacted] and [redacted]

A Yes. I had no anticipation of meeting Ghorbanifar. In other words, [redacted] told us, "I want to introduce you to some interesting people from Iran."

So my mind set was, whoever we were going to met was going to be coming from Iran. But the first guy he introduces us to is Ghoribanifar, who is an Iranian exile.

So to me, that was a chance encounter. I mean, I had no intentions of meeting Ghorbanifar. And as far as I know, he didn't have any intention of meeting me.

Q Well, he had the intention of meeting an American.

A Well, you know, that's what I don't know, what his arrangement was with [redacted] what [redacted] had told him who [redacted] and I were that were coming into this particular meeting. But as far as I was concerned, the meeting with Ghorbanifar was purely by chance. I didn't expect to meet him.

Q All right. If you choose to call that a chance encounter.

A Yes. What I'm trying to say is, I was focusing on meeting somebody from Iran, not a Ghorbanifar type, whether it was Ghorbanifar or Mr. Blue or Mr. Green or what.

Q What is a "Ghorbanifar type"?

A That's an exile living in Europe.

Q I'm looking at page 197. I don't want to spend any time looking at it. It refers to a contact with Air Force personnel, and I gather from it that you were a lecturer from time to time on counterinsurgency in low-intensity conflict.

A That's correct.

Q Do you have other similar roles with other government agencies?

A Not any more. I have pretty well given that whole thing up. You know, I can't afford any time.

Q When you were doing it, were you doing it for others besides the Air Force?

A The Air Force and Eglin Air Force Base and Maxwell Field. I was supposed to go out to Fort Leavenworth at the College there, but something happened, and I couldn't keep that one.

Q Have you some channel to Nicaragua, or did you have, in 1984?

A No, I have no channel to Nicaragua.

Mr. Jameson has been in touch with a number of -- what are you referring to?

Q Well, I'll show you. It's pages 203 and 204, and it refers to an oil deal in Guatemala. Are you familiar with the discussion involving that oil deal?

A Well, I'd have to see that to see which one you're referring to.

Q This meeting with Givardo somebody and Felix Rodriguez.

A There was a meeting between Mr. Jameson and these people, and I remember that there was a discussion of oil activity. That was at a time when Guatemala was just coming into the world oil market.

MR. MC KAY: You said Nicaragua. Did you mean Nicaragua?

MR. HOLMES: Yes.

BY MR. HOLMES:

Q What was it about the Foreign Corrupt Practices

Act that caused Mr. Jameson pause?

A Well, I think he wanted to make sure that whatever was done was no violation of the Foreign Corrupt Practices Act. That's basically what he's saying there.

Q Did he discuss with you that he felt in some way impinged by the Foreign Corrupt Practices Act?

A No. But this is a standard kind of thing you need to be concerned about when you're looking at concessions. His concern was what was Mr. San Pedro's position in relationship to the Guatemalan government.

Q I can imagine his concern.

-13 A Yes.

Q Now on the next page, in the middle of the second paragraph, it says, "I mentioned my interesting channel to Nicaragua and proposed, which he accepted, to pass word of this on to Daniel Ortega via Senor Lopez to see whether that might help in getting at least the crew and other personnel freed." talking about the crew of a ship seized off the Pacific coast of Nicaragua.

A That was a ship belonging to San Pedro that was seized, I believe; right?

Q I believe so.

A And Jameson had a contract, I think -- I don't know whether he's still got it -- with the people that put him in touch with Daniel Ortega.

Q What is this "interesting channel"?

A That's what he's talking about, the person who put him in touch with Daniel Ortega.

Q Who is it?

A I think it's a woman by the name of Jahilma. I don't know how to spell it. We'll just have to go phonetically. It might be something like J-a-h-i-l-m-a.

Q What was her role in the Nicaraguan government?

A I don't think she has any role in the government. I think she's a longtime friend of Daniel Ortega, a female friend.

Q Do you know whether she has been contacted in the last year and a half by Secord, Clines, Contaro Company?

A To the best of my knowledge, they're not aware of her existence.

Q On page 215, we find reference in the Nava file, the International Security Consortium that we have already discussed. Mr Jenkowitz.

A Janowitz.

Q Jenowitz?

A Yes.

Q Had been contacted by Mr. Nava, who was interested in discussing the concept of an International Security Consortium with Mr. Nava and Mr. Radai, which Mr. Nava and Mr. Radai are pushing.

My question is, is that the same consortium we talked about earlier?

A Right, the same consortium.

Q Which nations were planned to be involved in that consortium?

A Well, I think they were just taking soundings at that particular point in time. I think the United States, Canada, Britain, Israel.

Q I'm reading on page 302, a memorandum for the record by yourself, memorializing the fact that a Mr. Ferrera contacted you and discussed an Iranian arms purchase through Portugal.

Do you recall that?

A Let's see. I don't think it's an arms --

Q It says "Iranian arms purchases."

A Yes.

Q Who is Mr. Ferrara?

A He is a Portuguese fellow who, I think, probably has dual citizenship. He lives part of the time in England and part of the time in Portugal. You'll see he has been involved with me in attempting to do an oil deal with Portugal.

Q All right. This memorandum also refers to a Mr. Chartier in Paris.

A Right.

Q Is he not a representative of Trans-World Oil?

A Yes, he was employed by Trans-World Oil at that time in Paris.

Q And, if I understand what's going on here, Iran is purchasing arms and needs the cash to do so and is raising the cash by selling oil?

A Yes. But those aren't necessarily linked.

Q Well, they're deliberately unlinked, according to other memoranda; correct?

A No, they're not deliberately unlinked. It's just that most oil companies will not link themselves to any specific transactions dealing with weapons. You're selling oil. If the country then who sells the oil, Iran, generates cash from that and then decides to buy weapons, then that's what they do.

Q But as a matter of practicality -- and it's reflected in maybe memos within this little packet here -- certainly some of these memos, if they don't get the oil sold, they don't get to buy the weapons.

A That's a problem for them. Their main export is oil.

Q Sure. And the big dollar import is weapons. So the two are inextricably linked in economics?

A Yes, but not necessarily in the transactional sense.

Q Now, this memo on page 302 also refers to a Nigerian deal. Does this Nigerian oil deal have any connection at all with the previous Nigerian oil deal we saw involving Ledeen?

A No.

Q Is it structured in the same way?

A I don't think so. No. This is an entirely different kind of a proposition. I forget what year that was. Remember, looking at the previous one, this is '86. In the meantime, there have been one or two coups in

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Nigeria and part of the problem here was to open up a dialogue with a new government in Nigeria on oil matters.

Q Who is Fatanmi?

A He was some individual -- I don't know him. He was some individual Mr. Ferrara was recommending to me or mentioned to me.

Q And this Dr. Fatanmi is somebody you were hoping would put in touch with the new government in Nigeria, in order to broker oil?

A Open the door for oil discussions. Does it mention Babaginda in here? Yes, by this time, Babaginda -- General Babaginda had become the head of the government in Nigeria.

Q So the commercial triangle that his refers to is Nigerian oil, a Portuguese refiner, and Trans-World is the ultimate purchaser of the refined product; is that correct or not?

A That was true on the Iranian oil. The Nigerian was simply to open the door with the Nigerians, to start a discussion with them. It was not structured in the same way.

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Q And if the door was opened, what would be done?

A Depending on what could be negotiated. In other words, what did the Nigerians have to sell, how much, what were they willing to do. You know, back in one of these other things I think you see I did try earlier on in some earlier period to deal with the Nigerians through the Portuguese, but it didn't turn out to be possible. This is simply an attempt to see if Mr. Ferrara had any contacts with the Nigerians. It was not structured to the Portuguese market.

Q You were in touch with the Portuguese on a broader range of issues than simply oil and oil refining, weren't you?

A No.

Q There's a memo here, page 3 of 3, in which you're talking about training the Portuguese VIP protection --

A That was with Mr. Ferrara.

Q The same guy?

A Yes. He asked me one time, if it would be possible for me to put on that kind of a program.

Q Now, Ferrara is a quasi-government official, isn't he? He's president of Disarma, which is their

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state-owned --

A I think he is a representative of their state-owned company. He has an independent company, as I understand the structure.

Q This page 303 refers to him as president of Disarma.

A Right. And I think Disarma is an independent trading company. I don't believe it's owned by the government.

Q Did you look into, as a matter of fact, training VIP protection units?

A I talked to one or two people here in the States, who would have helped me put together a program, but it never worked out, timewise.

Q Now, page 305 is, I think, what you were talking about a moment ago in the Petrogal/Iran crude deal?

A Yes.

Q And Petrogal was doing the refining and Trans-World was doing the purchasing of the refined product?

A Right.

Q So, as of early '86, you were financially in the business of dealing in Iranian crude?

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A That deal was a product deal. Petrogal would refine it, and we would take the refined product.

Q But unlike the unlinked arms deal we were talking about before, this is totally linked? No crude, no refined product?

MR. MC KAY: Linked? It's just an oil deal.

BY MR. HOLMES:

Q The linkage between the refined product and the crude.

A Yes. The Iranian crude is sold to the refinery. The refinery refines it, gets a fee, sells the product to a distributor like Trans-World, who then puts it in the European market hoping to sell it for a profit.

Q In this particular deal, Trans World wouldn't be obliged to pay anything until the refined product was delivered?

A Yes; that's correct.

Q And it wouldn't be delivered unless the Iranians delivered on their part.

A Right.

Q Isn't it true that it was during that period of time, early 1986, the Iranians were desperately in need of funds from their oil production?

A Basically, in the last couple of years, they have always been desperate for funds, and they had ebbs and flows of desperation. They would send delegations out.

Q Reading from page 307 now, this is a memo written and initialed by yourself on the Petrogal deal. It says:

> "Mr. Shackley told Mr. Chartier this might not be the end of the deal for Mr. Ferrara. I just returned from a meeting with the Iranians in Switzerland. The Iranians were saying they needed funds desperately and wanted to put through an oil deal with Portugal. The Iranians had also told Mr. Ferrara that if they could not put through such a deal, they might not be able to buy munitions from his firm."

That's Ferrara's firm. So the Portuguese needed the Iranians to be able to deliver crude, so that the Portuguese could sell the Iranians munitions?

A Yes. But I think what I was focusing on was the desperation. What I was trying to question was to say that there are these ups and downs and during this last couple of years there certainly have been a lot of those periods. That's what I was trying to get across, because you were sort of zeroing in on that.

What I was trying to say is that that is not an isolated case.

Q Oh, no, I didn't mean to imply that, it's an isolated case. I'm just pointing out for the committee's purposes that Portugal wasn't simply a disinterested bystander in all of this. They were commercially entwined with Iranian oil and that they wanted to sell arms to Iran and needed to have the countertrade occur, in order for that to happen.

A Yes. That's part of their equation.

Q Did Mr. Ferrara ever get a finder's fee or any such like from Trans-World?

A No. Because no deal went through.

Q But if it had gone through?

A If a deal had gone through, we would have to have to have given him a fee.

Q How are those fees arranged?

A In what sense?

Q Physically, how are they made?

A He would have gotten some percentage, depending on what the valuation was and would have gotten a check.

Q Did you ever discuss with Trans-World the concept of doing Iranian crude deals via European cut-outs, so called?

A Let me see what you have reference to, because I don't know whether --

Q Why don't you take a look at page 332, titled "Iranian Crude Deals Via European Cutouts."

(A pause.)

A yes. It talks about a storage agreement and using places like Portugal as a way of putting those together, as a sale.

Q What is the applicability of the term "cutout" to this arrangement?

A It's simply the Portuguese entity is in between Iran and the person who gets the end product, the refiner.

Q Well, maybe I'm reading something into it from the vocabulary that we have been introduced to on this committee, but when I heard the word "cutout" used, it's in the context in which the parties on either end of the transaction don't want to have some connection made between them. The party in between is called the "cutout."

Am I to gather that Trans-World is somehow unwilling to have it be known that they're buying Iranian crude, or is that just a misfortunate use of the world?

A I think it's a misfortunate use of the world. Your definition of "cutout" involving the intelligence context is correct. This is an entirely different context. In the oil trading business, it's just somebody in between that the producer and the eventual seller of the refined product.

Q What aren't they referred to the intermediary refiner?

A Maybe my vocabulary has been corrupted by 30 years of the government. I'm sure that's permitted.

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Q In the deal that's under consideration in this memo of June '85, is there some commercial purpose for using Portugal, when Portugal would be able to turn around and resell the crude without ever having taken delivery?

A What period of time was that again?

Q June '85.

A It might have been a time when Iran would have been more willing to sell to a small country like Portugal than it would have been to some other countries.

Q Like, for example, the United States?

A Or, say, at this particular point in time, they might not have been willing to sell to France.

Q So they were willing to deal, say, apparently -- Ireland is mentioned in here.

A That's another one which we were aware of that had transpired. We played no role in that. I think what I was saying is that we had heard of such a deal; is that correct?

Q Yes. It's just a reference to it here as another deal the Iranians had done by the same general method. They recently concluded a transaction of this type with the Irish National Petroleum Corporation in Dublin, which worked out to everyone's satisfaction.

A Right.

Q Is it an unspoken understanding in this memo that the 23 U.S. dollars a barrel is going to be different than the world price of oil at the time?

A No. Let me read that. I don't --

Q Go ahead and read it. It says:

> "The Iranians will sell the crude to Portugal" --

I don't know how to pronounce that --

> "-- for 23 U.S. dollars a barrel or some other agreed-on price. At this price level, Portugal would be able to sell the crude at a profit."

Meaning that this a price below the existing world price?

A It could have been a dollar below the market that the Iranians were discounting at that particular time.

Q And their motive for discounting it is what?

A To move it. In other words, to move it or to increase- their sales to new markets in excess of their quota, their OPEC quota, finding new markets which will take their crude and increase their volume and get more revenue.

Q So here again is the OPEC quota problem that's being circumvented?

A The OPEC quota is constantly a problem to the producers.

Q All right. And is it true, from your knowledge of this deal -- and I gather you have knowledge, you have written this memo -- that this $23 price is a -- I don't want to say your official price, but as an economist, an

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OPEC quote is not an artificiality.

A My guess is, that probably represents some sort of a discount at that particular time. But, you know, to get a real ironclad definitive answer, it would take hours of research.

Q I gather that from time to time you have had requests for referrals relating to armaments and have made the appropriate referrals?

A I think I told you that I personally have never handled anything that booms or bangs. Now, if somebody comes to me with something like that, I refer it to somebody else as a courtesy or favor.

Q And that would, I assume, apply, especially for Portugal, since you were dealing with Portugal on a regular basis?

A I was dealing with Mr. Ferrara and Petrogal. Those are the limits of my real contact with Portugal.

Q Did you ever have any contacts with a company named Defex -- D-e-f-e-x?

A No.

Q Did you ever have any contact with an individual named Brito -- B-r-i-t-o?

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A No.

Q Or a Jose Garnel?

A No.

Q I wonder if you considered a finder's fee possible, when you made referrals on munitions deals?

A I never got any finder's fee. I mean, if I had referred such a deal to somebody, and they had given me a finder's fee, I probably would have accepted it, but I don't think I ever got one. I know I didn't get any finder's fee.

Q Looking at page 337, it says, at the end of the memo about a referral of a Thai military ammunition requirement.

> "If something comes from this from the Thai side, there's a finder's fee in this package."

That's a fee for you; right?

A Probably, if the Thais had pulled it off or something, I would have expected that somebody would have said, okay, he helped us put a deal together, what can we do for you? Probably a finder's fee.

Q And this is just the way the international

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business community works?

A   Right.

Q   So sort of daisy chains on daisy chains?

MR. MC KAY: Is "daisy chain" a term that you use?

THE WITNESS: Yes. "Daisy chain" is an industry term in the oil industry.

BY MR. HOLMES:

Q   What is BYIEX Trading Company -- B-Y-I-E-X?

A   I think that was a company that Ghorbanifar said he was the president of or that he represented.

Q   Did he say what they did?

A   No.

Q   Do you know if it exists?

A   I think somewhere in there, there's some --

Q   I think you did a check or something.

A   No. I think it turned out that he really didn't have anything to do with the company.

Q   Here on page 470, somebody is answering you back that there is no record of any Ghorbanifar in Paris, and inquiries in local oil circles have failed to identify Ghorbanifar as being a trader or intermediary for Iranian oil or crudes.

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Who is this answering this back?

A That's a fellow in Geneva who does checks for me, that works for me.

Q Who is he?

A Well, his name is Gerber, Conrad Gerber.

Q Did you ever find out, to the contrary?

A To the contrary, what?

Q Did you ever find out that Gerber is wrong about this, and Ghorbanifar was involved in crude oil deals?

A No.

Q So if he was dabbling oil and his real business is arms --

A I don't know what his real business is, because he did not introduce himself to me as an arms dealer, and I think if you read through those memos, you know that my inquiries about him show that the people I talked to certainly did not know him as an arms dealer.

Q Did you ever confirm that Ghorbanifar had worked for SAVAK?

A Yes. [redacted]

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Q When you were talking with Ghorbanifar, what specific Soviet equipment did you refer to?

A I don't have any recollection of that, that it was just Soviet equipment.

Q Do you know whether it was tanks?

A That I can't -- if it had been something specific, I would have written it down. What did I say? Soviet equipment?

Q "Interesting Soviet equipment [redacted] .

A That's probably as close a translation of what he told me as I could capture.

Q I'm going to have you read this sentence on page 478. I'll read it to you, so the record will pick it up. It says:

> "On the other hand, the new oil companies could be generous, and if there was a humanitarian deal to be made, in simply terms, with adequate safeguards for life and funds, we would be willing to take soundings with our oil company clients and contacts, to see if a deal could be structured."

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Forgive me, if I'm reading more into it than exists, but it sounds to me that you're talking a little bit euphemistically.

Could you tell me what you mean here by "oil companies could be generous"?

A Well, you have to put that into sc · context.

Q Yes. That;s why I'm asking you the question, so you will do that.

A Yes. The context was, he raised the question of the Americans in Lebanon.

Q Yes. This is right at the end of your memo on that.

A I responded by saying that it would be interesting to find out what the status was. He flippantly said, "I assume you're talking about tractors for prisoners exchange." And I said, "I don't have anything specific in mind."

Q When he says "tractors," he's talking about TOWs?

A No. Tractors. I think what he was talking about was the John F. Kennedy exchange of tractors for Cubans at the Bay of Pigs. It's a well-known international transaction and most people referred to that. So I think he's

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a very flip kind of guy, and so when he says, "Well, so we're talking about tractors?" And I said, "No, we're not talking about anything. I'm interested in oil, and if some sort of deal can be structured for humanitarian terms, and so forth and so on, that's something I'll take up, or I'll take up with our oil company clients and contacts. if a deal could be structured."

I wasn't going to commit myself to anything.

Q Spell it out for me, because I'm still not -- I don't understand what Ghorbanifar means. Tell me exactly what you mean by that.

A Well, that's an elliptical response to an elliptical question. There's nothing to explain. He says, "Tractors for prisoners," and I say, "No, I'm not thinking of anything, but people can put these kind of deals together, and if you know something specific, I'll consider it. I'll take soundings."

Q What role were the oil companies supposed to play in this?

A I think that was an elliptical response on my part, simply to the exchange that was going on at that particular point in time. In other words, as you can see

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by my actions, when he qualified this thing, and what I did was write a memo and go to where I thought was appropriate.

Q To the U.S. government?

A And specifically to the State Department. And I still think that's the right thing to do.

Q Did you ever make any person affiliated with any oil company aware of this situation?

A No.

Q Of course, other than yourself, because you were there on Trans-World Oil business at the time. But I mean, other than yourself, did you mean this sentence about oil companies to imply to Ghorbanifar that you would, in fact, contact any oil companies?

A No. I told you, he was being flip, and I don't know how else to put it. He was being flip, gave me a flip response, and I gave him an elliptical response, noncommittal. In other words, I would look into it. People can be generous, you know, something about these. It's a humanitarian thing, you know, sit, discuss it, and we'll look into it, and I will take note of it. That's not a commitment.

Q Oh, I understand that. I'm wanting to know why

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you were referring to oil companies a couple of times.

A Because we had talked about oil, and my rationale for engaging in the dialogue was to orient myself on the general Iranian market, which is a very substantial factor in the oil industry, and I wasn't making any secret of that. There was no reason for me to make any secret of it. You know, conversely, I had nothing specific to deal with at that point in time. In other words, he hadn't said that the following two guys, one guy, two guys, three guys, are available. He just made this generic statement, so I made an elliptical response, which is the noncommital to keep the dialogue going. Nothing more complicated than that.

Q So you wanted him to understand that you picked up his feeling as a commercial person that the hostages were an obstacle to trading between the West and Iran?

A No. I had no broader motives. I think you're ascribing to me something broader. You are trying to make something out of this that wasn't. It's a very quick, flip exchange, that's all, and I wanted to keep the dialogue open and told him that it was a humanitarian item, if he would do something about it, could do something about it, that this would be something I would be interested in

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listening to.

Q You said, in response to a previous question, you made no bones about being interested in oil.

A Right.

Q I would like to develop oil-related commerce.

A No, I wanted to be informed on the oil market, in terms of what were the circumstances. I made no commitment that I was going to buy X or that I would pursue Y for a refinery or anything else. This was a feeling-out process. It happens all the time.

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Q On page 480, the same set of memos, you say:

> "Ghorbanifar has no known intelligence connections with any Western intelligence service."

What is your source of that information?

A Talking with [redacted] and [redacted]

Q How would they know?

A Well, you know, this is the kind of question I put to them. "What do you guys know about this guy? Have you ever heard anything about him?"

These people talk about each other all the time, and there is an international grapevine. I just wanted to know if he had heard anything.

Q Had you put out any feelers to any Western intelligence agencies, before you wrote that?

A No.

Q And I assume that's why you didn't find out that he had connections with the CIA?

A I wouldn't have any way of going to the CIA, because when I came back, you can see the time. I was rather prompt, wrote it, hand-carried it, took it to the State Department, and I deliberately did not go to the CIA. I had no reason to go to the CIA.

Q I'm going to ask you a general question, and really more by way of flagging this spot in the transcript than anyplace else.

This file folder marked "William Buckley," which is pages 459 through 489, contains your memoranda on the subject of Ghorbanifar.

A Right.

Q And these are the memoranda you wrote at the time?

A That's correct.

Q On the subject of oil pricing, what commercial value would the information have, if the person were to find out that Iran was dealing with the United States in missiles, with an eye towards future commercial development?

A What impact would it have on the oil market?

Q Yes.

A None.

Q Zero?

A Yes. My initial reaction to that would be zero.

Q Why is that?

A Because it doesn't change anything. If you're dealing with the United States on missiles, so what? I mean, you have to look at, would that change the balance of the power in the war.

Q Well, as a matter of fact, the price of oil went up quite rapidly after August of 1986, didn't it?

A Well, getting to the period of August '86, when I was out of the market, this is a time when I'm finishing up all of my medical testing, and so forth. I'm getting ready to go to the hospital, so I'm beginning to be out of the market at that particular point in time. I don't remember any large surge in prices just before I went to the hospital.

Q What knowledge do you have, if any, of any trading

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done in oil-related stocks or similar transactions by anybody within the circle of those who knew or could have known about this Iranian initiative?

A None.

Q You have heard no industry rumors that there was any insider trading of any kind relating to this initiative?

A No, I haven't heard anything like that.

Q Do you know a guy named Maurice Rehm -- R-e-h-m?

A Yes.

Q How did you first contact him?

A I didn't contact him. He contacted me. From what I recall, I think I got a phone call from Ambassador McCormack. He said he had been talking to this fellow Rehm, and he would appreciate if I would talk to Rehm and see if I could give him any advice as to what he should do.

Q What did he tell you Rehm had told him?

A Nothing. He said he wanted Rehm to come over and see me, and I made some arrangements.

Q Where was he the ambassador at that time?

A I believe he was the ambassador to the OAS.

You'd have to check that. I'm not absolutely sure. He had several jobs at the time. He was an assistant

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secretary, and I don't remember what period. It sticks in my mind, he was the ambassador to the OAS.

So I agreed to talk to Rehm. Rehm came to my office, introduced himself, told me a little bit about himself and gave me some papers, the copies of which you have there, and I told him that there was nothing I could do for him.

He had some interest in an airline in Africa, and I told him the place to work on that was with the State Department, which he did.

Q You had never heard of him before?

A Never heard of him.

Q And his other interest was in supplying the contras by air drop?

A Right. And I told him I had nothing to do with it, I'm retired, I can't help you.

Q He supplied you with a proposal; is that right?

A Right. He insisted on leaving those papers with me.

Q This is August of '86. It was actually earlier. His close out letter to you is August '86.

A Right.

Q His first contact was more like July of '86. He had a business called Connor Airlines; is that right?

A I don't think that was his business. I think he worked for or was associated with Connor. I think there's some data on Mr. Connor in there.

Q Yes. What did he tell you about Connor.

A He said he's an independent air operator, very capable, had the capacity to expand his air facility and was interested in being helpful.

Q Do you know anything more about the Regina Group Limited and the fact it occurs on Mr. Rehm's business car?

A All I know is right there.

Q Now I gather that it has made some impression on you. This is around the beginning of July '86 that you had met with Mr. Rehm, since you immediately wrote a memorandum to the file.

A Right.

Q And you referred Rehm to Colonel Ollie North in the NSC; right?

A What did I say there? You got to talk to somebody like North or something to that effect?

Q "In view of this, Mr. Shackley" -- and this is you

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writing to yourself in the third person -- "felt that the only advice he could give Colonel Rehm was for him to try to see Colonel Ollie North in the NSC, who had recently been identified in the press as the main player in whatever the NSC was doing to provide assistance to the contras of a humanitarian nature."

A Yes.

Q Now, what was it that was humanitarian about Mr. Rehm's proposal?

A Well, I think he was interested in doing what he could to be helpful, and the only thing that was going on at that time was what I was reading in the papers.

Q Did you know anything further about this contact by Mr. Rehm? Contacting any other government people, for example?

A No, I did not.

Q He gives some fairly significant information in here. He names, in your own memo on page 433, you quote him as naming Southern Air Transport, Florida West, Challenger International Cargo, Caribbean Cargo, and you go on further to say:

"Colonel Rehm also felt a number of

> these airlines were doing things
> that could be embarrassing to the
> U.S. government."

Why didn't you contact anybody in the government, if you felt he had said they were doing something?

A I had no reason to. I didn't want to get involved. I'm not looking for involvement, and the one thing I have done has got me involved with more than I want to be. I got a humanitarian piece of information I turned in and look at all the time I spent with you.

In any event, the short answer to your question is, I did nothing.

Q I gather that Rehm knew Ambassador McCormack personally?

A That's the impression I had, yes.

Q He refers to him in his letter of August 17, which is pages 417 through 419, as "Dick McCormack."

A Yes.

Q Now in the same letter on page 418, he specifies, with remarkable accuracy, exactly what aircraft are being used in Central America at that time by Secord. Of course, he doesn't name him. He says, "I'm partially aware of the

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current success and lack of same with respect to direct air support drop missions to date."

This is August '86.

"I recognize the difficulties inherent in trying to maintain and operate desert relics, such as Fairchild C-123, C-7A/8A Caribou/Buffaloes," et cetera, which are the aircraft that were being used at the time.

Did you inquire of him how he knew precisely what aircraft were being used?

A No, I did not.

Q He says that this Connor Aircraft, the one he worked for, is right next to Southern Air Transport. Presumably, he's sitting there at Connor, looking down the tarmac in Miami and watching --

A Could be.

Q -- Secord and company taxiing in and out in their Caribous and C-123s.

If you had asked him about that, he would have told you?

A I don't know. I didn't. I had no reason to.

Basically, I had no interest in talking to the guy. I was doing McCormack a favor. The guy came over, and

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he said, "Please talk to him." And then I talked to him. That was it. I didn't want to get involved any more than I had to.

Q What did you think of his proposal for what he calls "Closely controlled DC-6 aircraft with a unique delivery technique," and he goes into enormous detail on exactly how they are going to do it, their altitude, their drop methods, page after page after page?

A I read it. As far as I was concerned, it was nothing new.

Q Is it a competent idea?

A Yes. It's a standard package.

Q Not entirely standard?

A No. I mean, it's a standard package for that kind of activity. It's nothing new. Did it excite my attention? Did it stretch my imagination? Did it teach me any new skills or techniques? No. I read it.

Q I'm asking as a guy who served in Laos and lectured on these techniques, whether this guy Rehm is a knowledgeable guy with a sound idea, or whether he's some kind of fly-by-night pilot looking for work.

A Perfectly sound, but there's nothing new.

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Q And why didn't you let anybody in government know about this?

A I didn't have any interest. Didn't have any desire, and as I told you, my basic rule is not to get involved. I'm out. I did all my time in government, and that's it. I'm finished.

Q So you referred him to Ollie North?

A I told him what I read in the newspapers, and that that would be a good place for him to go.

Q Do you know if he went?

A I have no idea.

Q You never heard back from North?

A I told you, the only time I talked to North is the one time I saw him in Tom Rehm's office.

Q So the answer is, no, you didn't.

A No, I didn't hear from North. Why would I?

Q And you never heard from Rehm?

A I think Rehm called me once or twice since then. There may be another memo in there. Rehm called me in July of '87.

Q That's page 414 you're referring to. Obviously, the complexion of the covert operation in Nicaragua changed

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in the meantime.

A Yes.

Q And he called about something else; right?

A Right.

Q Did he ever tell you what, if anything, had occurred with his Nicaragua support operation proposal?

A No.

MR. MC KAY: Off the record.

(Discussion off the record.)

BY MR. HOLMES:

Q I'm looking at page 641 and also on page 640 and 642. This is your telephone log for RAI, and these three pages each have some calls made on the 19th, 20th or 21st of November '84. I'd like you to look at these billings and tell me, if you can, what those calls related to and --

MR. MC KAY: Any call on the 19th --

MR. HOLMES: 19th, 20th and 21st.

THE WITNESS: I'm not sure I follow you. You're asking me to look at the calls here.

BY MR. HOLMES:

Q We're talking about the three days that you were in Europe, speaking with Ghorbanifar.

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A Right. So these are the calls here.

Q Yes. There are a few on that page and a few on each succeeding page. You're now looking at 640.

A These are calls -- the way this is structured, these are calls from my office to these locations.

Q Not necessarily. They would be billed to your office, whether made from your office or made from a remote place.

A Usually, we say that they're billed, and they're not. So this looks to me like these were made from my office to these locations.

I mean, I wasn't here.

Q Different carriers have different methods of billing.

A Normally, my experience with this is to handle this on a -- I don't handle the telephone bills. I know how that sounds, but that's the way it is. I don't handle the telephone bills.

Q So you can't tell me what those numbers are?

A I have no idea.

Q You don't have any idea what those numbers are?

A No. These are calls to the U.K. Here's a call

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to France, a call to Kansas City; Petersburg, Virginia. I wasn't here, so even if I were here, I probably wouldn't know what the calls are. I don't monitor every call made by every person.

Q Well, what I'd like you to do is place yourself back in time and tell me who would be the likely recipient of a call from your office during that period of time in those cities and country.

I realize it's not --

A None of these jump out at me. I have no way. really don't know what to tell you.

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Q If none of those, we can go to the next page and see if we can find any clue as to what was going on.

A Well, there's one call here I recognize. Two calls here. One is to New York to TW Oil, one is to TW Oil in Holland. One is a call to -- there's another call -- no, it's the 27th. You said the 19th, 20th and 21st?

Q Yes.

A There's a call to TW Oil in Bermuda. It sounds like all standard business calls, whatever was going on at that particular time while I wasn't here.

Q You and the people in the office would be in

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touch with TW Oil on a daily basis?

A Right. But there's a call here to Germany. I don't know. Probably have to look up the area code. I don't even know the area code for Hamburg.

Q What hotel did you stay at in Hamburg?

A I told you the Four Seasons. The English equivalent of Four Seasons. No, I can't help you with this.

Q I'm showing you page 904, same question.

MR. MC KAY: The earliest call here is 9/26 that I see on this page.

THE WITNESS: That looks like 9/30. I think we've got a disconnect.

BY MR. HOLMES:

Q I gather from your Rolodex, which starts at page 1609, that you have stayed in fairly close touch with the House and Senate Intelligence Committees over the years.

A I think early on in the early days, I had some calls, but I haven't stayed in touch with them recently, but their cards were in the Rolodex.

Q When you say "early days," you mean early after your retirement?

A Yes.

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Q But you didn't see fit to call them up about Mr. Rehm?

A No.

Q Would it have been inappropriate for you to do that, do you think?

A I told you, I tried to describe to you my mind set. A guy came in. I talked to the man, told him what he could, and that was it, as far as I was concerned, and it was a closed chapter. There's no law that says a guy walks in your office, you got ot report it to somebody.

Q Well, you knew that what he was proposing would have been a violation of the Boland Amendment?

MR. MC KAY: I object. That calls for a legal conclusion. There's no indication whatsoever he was thinking about what the Boland Amendment said.

THE WITNESS: I wasn't involved in it. Why would I worry about the Boland Amendment?

BY MR. HOLMES:

Q Well, I'm not suggesting you're sitting in your office chewing your fingernails about the Boland Amendment. As a person who is discharged from the CIA and living in the Washington area and cognizant of what's going on in covert operations around the world, you had to know the Boland Amendment existed.

MR. MC KAY: Are you saying he is cognizant in 1986 of what was going on in covert operations around the world? I don't think there's anything to justify that.

MR. HOLMES: Well, as a general statement, he was giving lectures to the military.

THE WITNESS: I'm talking about very specific kinds of things in terms of theory of guerrilla warfare.

Have you read my book?

MR. HOLMES: No, I haven't. I'm willing to.

THE WITNESS: It's a book on theory. It's a theory of guerrilla warfare, counterinsurgency, as seen by my perspective.

BY MR. HOLMES:

Q And you're not disagreeing you didn't know of the Boland Amendment?

A I may have read something about the Boland Amendment, but I wasn't worrying about it. It didn't impact on anything I was doing.

Q You knew it existed?

A I knew it existed.

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Q And you knew when you read Rehm's piece, that if that was implemented that would have been a circumvention o the Boland Amendment?

A No, I don't think that that thought even came to my mind.

Q All right If it had come to your mind, you understood the Boland Amendment enough to know that that would have violated it?

MR. MC KAY: I'm going to object to that and say it's speculative and direct him not to answer.

He told you he didn't have a thought, so what difference what might have come to his mind, if he had thought about it?

MR. HOLMES: I'm getting now to what he understood the Boland Amendment to mean.

MR. MC KAY: He didn't do anything. He didn't deal with this man. Are you saying he's got some obligation to decide what you all have been spending months arguing about what the Boland Amendment means?

MR. HOLMES: No, I'm getting into the facts of what he knew.

MR. MC KAY; Well, he knew the Boland Amendment

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existed. He's told you that.

THE WITNESS: The man came in and talked to me. I talked with him. I felt no compunction to do anything, period.

MR. HOLMES: I heard that.

THE WITNESS: Bang, finished.

BY MR. HOLMES:

Q I want to know if, thinking about it now, in retrospect, you understood the Boland Amendment at that time to prohibit what he was suggesting.

A I don't know.

MR. MC KAY: Object on the grounds it calls for a legal conclusion, and it's irrelevant.

THE WITNESS: I don't know that I did.

BY MR. HOLMES:

Q You say you don't know whether you did or not?

A Yes.

Q Who isJeff Footner -- F-o-o-t-n-e-r?

A Let's see if I can refresh my --

Q He's with R. G. Hobleman.

A He was a guy who was an account executive at R. G. Hobleman, the freight forwarding company.

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Q How long did you do business with R. G. Hobleman?

A For a couple of years. I may have used them for a while when I was doing food brokerage business through TGS, when I was still trying to do something in the Bahamas. I may have used them for a while then.

Q So, '79 and '80, that period, and then later again?

A Yes, certainly '79 and '80, and then maybe at some later period.

Q Are they still in business?

A I don't know.

Q What was the last you heard of them?

A It seems to me, a couple of years ago, but I can't be more precise than that.

Q And how was it left? How was your relationship left? Did you simply get no more business for him?

A It was simply left that we weren't doing that business, and I had no need for the services.

Q What is Freedom Oil, Montgomery, Alabama?

A Freedom Oil is a company that has gone out of business. It's a company that did land leases in Louisiana and was located in Montgomgery, Alabama.

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Q Is Dennison Mines a principal in that business?

A No. They were doing work for Dennison Mines.

Q And is Andy Nolan a principal?

A Yes. Andrew Nolan is a principal. He was the owner of that particular company, and he's a cousin of my wife's.

Q How do you know Paul Hewgill?

A I don't know that I know, that I do know him.

Q H-e-w-g-i-l-l?

A Everybody in there doesn't necessarily mean I know the person. Could be somebody else in the office had put the individual cards in.

Q It says he's senior vice president of H.M.H. Associates Limited, International Security Consultants, here in D.C.

A That doesn't tell me anything.

Q Do you know Bill Heron or Art Kim?

A Oh, yes. Art Kim. I do know Art Kim. [redacted] who has a security firm in the Washington area.

Q How about Bill Heron?

A Bill Heron used to work for him. I don't know whether he still does or not.

Q Have any of these men ever worked for you?

A What do you mean, "worked for me"? When?

Q Since you retired.

A Kim has done some work for me in helping install security systems.

Q Install security systems?

A Yes.

Q What kind of security systems?

A Controlled entry to office complexes.

Q I didn't know you did that kind of work.

A I told you I did design security systems.

Q I guess I didn't pick that up.

What kind of security systems?

A Because you asked me if I could design a security system, and I think you jokingly said whether I designed the security system in North's house, and I told you no.

Q You told me you did home renovations, did VIP security.

A Right. And I think I told you also I did security systems.

Q And how long have you done that?

A I was doing that for a number of years. I don't know when we first started. I just can't come up with a date.

Q Has this ever been in connection with or in cooperation with Albert Hakim?

A No, I haven't bought any equipment for him or done anything like that.

Q Have you consulted with him about security systems?

A No.

Q Do you know Andy Messing -- M-e-s-s-i-n-g?

A Yes.

Q How do you know him?

A I met him here in the Washington area. Like in the days when I knew him, he was in the Conservative Caucus.

Q Have you had any business dealings with him?

A No.

Q What business, if any, have you had with a Mr. Raymond J. Okudzeto -- O-k-u-d-z-e-t-o?

A That sounds like a Nigerian name. Let me look at that. That sounds like a Nigerian name.

Q Page 1662.

A I don't recall. That has something to do with some company in England. That has something to do with oil, but I don't remember the details of it at this point in time. It sounds like a Nigerian name.

Q That's the only time you had dealings with this gentleman?

A Well, I don't even know that I had dealings. Obviously, somebody in my office had, but that name rings a bell, in the context of Nigeria.

Q Have we talked about John Singlaub before?

A I don't know. We talked about so many people, at this point.

Q Do you know John Singlaub?

A Yes, I do know John Singlaub.

Q How do you know him?

A I first met him in Laos. That's the only place I knew him from, and I knew him in Vietnam, and I forget. I don't think I have any memory of dealing with Singlaub after Vietnam.

Q Have you had any contact with him at all since then?

A Yes. A couple of times he came into my office to discuss various things, and since this famous law case in Miami broke, I called Singlaub in, let's see, June of '86, about the case.

Q Prior to that, what various things have you discussed?

A I think he came in an talked in general about what was happening in Asia, my appreciation of the Middle East, and so forth.

Q What was his reason to come and see you about that?

A Just general conversation.

Q Did he have any exhortations for you?

A No. No exhortations.

Q In your discussions with him in early 1986, what did that consist of?

A The sqme thing with everybody else I contacted in June of 1986: "What do you know about this Miami lawsuit, and why am I in it?"

Q And what did he say?

A He said he understand why he was in it, but he didn't understand why I was in it.

Q What did he say about why he was in it?

A World Anticommunist League fund raising, so forth and so on. A very brief telephone conversation.

Q Did he give you any more details than just that?

A No.

Q Are you friends with the people at R. G. Hobleman? I notice you've got five or six different R. G. Hobleman em-ployees listed out separately.

A No. I think at various and sundry times, their people changes, and we had just different cards with different people.

The only people that I can remember meeting is Hobleman.

Q So these would have been cards for the use of your office staff in making commercial connections back and forth over the time you were there?

A Right.

Q Have you been in touch with [redacted] -- since you retired?

A Yes.

Q You have both [redacted] and [redacted] in here separately. You have [redacted] and you have spelled [redacted] which is one of a number of optional spellings.

A Yes.

Q With the same phone number. I gather that you have had contact with him yourself?

A Yes. I told you I met him.

Q And what was the context of that?

A We covered this the other day.

Q You had personal contact with him, or are you talking about Hakim?

A We covered all of that. Just to refresh your memory, put out an English language training program for him, so I had dealings with him at that time.

Q You haven't had dealings with him other than the ones you talked about the last time we were here?

A Right.

Q There's a Jim Fees in here.

[redacted]

A

Q

A [redacted] I have seen him several times in social context.

Q No business dealings?

A No.

MR. MC KAY: Off the record.

(Discussion off the record.)

BY MR. HOLMES:

Q I asked you about [redacted] but I didn't ask you if you had any business dealings with them since you retired.

A No, I didn't have any business dealings with them.

Q What is RPV?

A That's reconnaissance airplane type thing, little drones. I think it's reconnaissance photo vehicle.

Q And what did you and Felix Rodriguez have in common with RPVs in 1982, looking at page 1895?

For the record, I might note we are in the TGS documents.

A This is a letter written by a fellow who was associated with me at the time, Johnny Carter, to a company in Panama that obviously was looking for RPVs, and this was an attempt to open a dialogue. This probably was some company that was recommended by Felix.

Q The Panama Company?

A No. It looks like it's in Caracus. I think if you look at it, it shows it's Caracus.

Q What did Felix Rodriguez have to do with it? That's my question.

A I don't know. This was obviously a transaction that one of the fellows, at that time, John Carter, handled with Felix. And it looks like we were trying to market an RPV. This is probably some company that Felix said, these guys are interested in RPVs.

Q Were were you getting the RPVs to market?

A Let's see if it says in here. I don't recall. It says about a brochure. Let me see if there is anything in here. I don't see it. It just says, "I'm enclosing brochures and flyers on the system."

I don't know what company we were getting them from.

Q Are there a number of RPV companies?

A Yes. It's a fairly common --

Q What is Project Long Look?

A For me, it looks like that's a description of whoever's brochure it was, they were describing this system.

Q And it says they are being bought by any of the

South American countries.

A Yes.

Q What does it do exactly? It flies around in circles and --

A No, it can ~~ye~~ be used as a reconnaissance vehicle. In other words, if you want to put it -- it's like a drone.

Q I'm not getting the whole picture of what kind of things you would use it for. Is it high altitude, low altitude?

A No, this is essentially low altitude.

Q Elestronically radio-controlled?

A Essentially, ground control, so that you can fly one of these reconnaissance vehicles and take photographs of a particular area. You might use it for geological surveys in inaccessible areas. That's its commercial civilian utilization. It also, obviously, has a defense-related utilization.

Q What are the ranges?

A They vary. I mean, the systems vary. You're talking short ranges, 50-75 miles.

Q And you paid Felix Rodriguez for some travel in connection with, I gather?

A Right.

Q None of this was ever sold?

A No.

Q Did you ever discuss RPVs with anybody who was intending to support the Nicaraguan opposition?

A When your lawyer contacted me about this disclosure, we discussed a Kuwaiti project. I gather in this financial document section, I see some references to a Navy claim for $3-1/3 million, and it seems to be in connection with work contracted to be done in Kuwait.

A That's correct.

Q Can you give me a thumbnail sketch of the Kuwaiti project so we'll have that?

A I think that's a write-up in the file there.

The last project we did was to refurbish a warehouse and build a new warehouse and an administrative building. That's the proejct on which there's a claim for funds in excess of $3 million.

Q Did your line of credit with the Capitol Bank have anything to do with the Kuwaiti project?

A Yes.

Q And was the Kuwaiti project the purpose of the

$1 million in documentary letters of credit for material purchased?

A Yes.

Q So this was also construction materials?

A Right. Construction materials or prefabricated warehousing components.

Q In your dealings with Mr. Singlaub, you had occasion to deal with his company, GEOMILITECH?

A Not in my dealings with him. Separate from that. I can't think of the lady's name, but if you show me the file, I'll tell you the lady's name.

Q Barbara Studley?

A That's right. She came into our office with Andy Messing and said she was interested in risk analysis business. She was interested in the defense market in Latin America, so forth, and we talked with her, Andy Messing and her lawyer, whoever he was. I don't remember the man's name. And then she gave us a brochure, or we got a brochure subsequently, which mentioned Singlaub as being one of the people in that company.

Q And the people that are described in their literature are former Air Force and special operations types, for the most part; is that correct?

A I haven't looked at that for a long time, other than Singlaub. If you let me look at it, maybe I can --

Q There's a Bruce Herbert, who is Intratheater Air Lift to Support the Kuwaiti Forces; there's Ron Harold, who is a former Israeli Air Force; there's Singlaub himself, who is former Joint Unconventional Warfare Task Group.

A Of the names you read there, the only name I know of is Singlaub.

Q Did you or any of your companies associated with you ever do business with GEOMILITECH?

A No.

Q Back in November of '84, according to page 1903, in the disclosure you wrote another one of your self-protective memoranda for the record relating to a contact with the GEOMILITECH consultants. I'll just read it in the record; since it's very short.

> "Mr. Rafael Garcia-Toledo visited the TGS International office on 16 November. He was accompanied by Mr. Munez. The people in GEOMILITECH that were known to us were discussed, i.e., Barbara Studley,

> Major General Keegan, Major General Singlaub and John Carbugh. This led to a discussion of the arms market and general trends in this arena."

I'd like to know what discussion you had with those folks on that subject.

MR. MC KAY: I'm going to object to the question. I don't know what you mean by "self-protective memoranda." He writes memoranda for the record of visits to make a record.

MR. HOLMES: I don't mean it in a derogatory sense. I write self-protective memoranda to the file too. I think it's a good practice. I'm just asking him to expand on this.

MR. MC KAY: All right.

THE WITNESS: When you read those names, you didn't read Keegan's name. Is he in the original list?

MR. HOLMES: Well, Keegan is on your list?

THE WITNESS: Is he in the list? You read a couple of names,and I don't remember you reading Keegan.

MR. HOLMES: No, I didn't read it. It's not in there.

THE WITNESS: I just want to make sure we didn't cross there, because I do know Keegan.

Rafael Garcia-Toledo has been active in the Latin American market for a long period of time, essentially, in the housing area. I think he was looking, in terms of expanding his business into what he thought was a lucrative market in Latin America for arms. He came to us to talk about GEOMILITECH, raised these names with us, and we gave him our evaluation of what we knew of these people.

Q Was he contemplating some kind of joint venture?

A I don't know. He had met these people recently and wanted to know who they were, and I don't know what the interrelationship was, you know, what they were going to do, and we talked about the trends in Latin America, who had money, who didn't have money, who was likely to have money in the future, and so forth, and I think my advice to him was to say out of the arms market.

Q Were you able to tell him from any source you now recall what the financial picture was for arms in Central America?

A No. But there are a lot of overt publications that are around, and we get those publications, so we keep abreast of the trends and developments in this area.

Q And there's another cryptic sentence here on page 1904, which is from GEOMILITECH documents.

A Is it a brochure or something?

Q I don't know if you call it a brochure, but it's some stuff that's got their letterhead at the bottom. It says:

> "GMT corporate strategy rests upon
> the ability for a strong national
> defense, perpetuates a healthy
> economy and, therefore, the potential
> for world peace."

Have you ever discussed this belief with anybody from GEOMILITECH?

A No.

Q As a person who has spent his career in government operations that have some connection with national defense, what is your opinion about that statement?

MR. MC KAY: I'm going to object on the basis, it's irrelevant, but you can answer the question, if you can.

THE WITNESS: I don't think I really focused on

(6:00 p.m.)

it. I didn't pay any attention to it, and at this point in today's session, I'm getting tired, and you know, we're running down. I don't have any views on that.

BY MR. HOLMES:

Q Now I gather there was a period of time since your retirement -- or maybe it's a longer period of time -- in which you solicited information in preparation for bids relating to weapons systems from the U.S. government?

A Related? That is, the support aspect of weapons?

Q Right.

A A lot of times what you see is in the "Commerce Daily Business," a two-or-three-line thing saying, if you're interested -- you don't even know from the description whether you're interested or what the system is. You sort of have to go on a few key words.

So we did write a number of proposals to see if it was something we wanted to bid on.

Q Some of these have included missile systems, haven't they?

A I'd have to look at that array of paper there.

Q I'm looking at page 1916, where you're asking through Bill Howe, your vice president, for information pertaining to technical services in support of a ground launched CRUISE missile project. And there's another one relating to HAWK missiles.

A We would be looking at that in terms of the storage aspect of spare parts and backup for these particular systems.

Q And did you ever do any contracts?

A No.

Q You were prepared to do contracts, if you had any?

A We were prepared to look at them to see if that was within our capability.

Q Does Harper Robinson & Company have any ties with R. G. Hobleman & Company?

A No.

Q Does it have any crossover in employees or offices or facilities at all that you are aware of?

A No. No. Harper Robinson was a designated freight coordinator for the Kuwaiti government, and that's why we dealt with them on the Kuwait project. An idependent company.

Q Looking at document 1935, in which you are responding to a Jorge Poveda -- P-o-v-e-d-a -- in Costa

Rica and say at the bottom:

> "Re lobbying for a Peronista group, would need more details before being able to express serious interest. Some Peronista factions clearly all right. Some not."

Excuse me. That's Jamie who said that.

A I was going to say that sounds like a Jamie cable, because he has, on several occasions, looked at representing foreign governments in the United States. I don't subscribe to doing that, and therefore, if he had ever got a contract to do that, he would have gone off on his own.

Q Do you know what he means by this -- what Peronists he thinks are all right and which ones he doesn't?

A I haven't discussed that with him.

Q Have you ever done any business with this Jorge Poveda?

A No, I have not.

Q When I say "you," I naturally mean you and the company.

A No, we have not done any business with them. I think that was a contact of Jamie's. Jamie was exploring something with them, and that was it. Nothing came of it, as far as I know.

Q Have you discussed with anyone the possibility of lobbying on behalf of greater foreign aid for a Central American country?

A No. I think Jamie was looking at one time as to represent somebody in Guatemala or somebody, and he was trying to put a group together and had some discussions. I never discouraged him from doing it, but the understanding was, if he ever put a package together, that he was off on his own.

Q This is dated February 1983, and he states in the letter cable to Francisco Bianchi -- B-i-a-n-c-h-i:

> "Must stress that good lobbying efforts here, in all probability, would add millions of dollars to Guatemala's aid package and significantly increase opportunities to export to U.S."

Does that sound like an offer to lobby for Guatemala?

A I think he probably was interested in looking at that. I recall he talked with two or three people to see if they could put something together.

Q Do you know if Donald Jameson has ever registered as a foreign agent or agent of a foreign government?

A I don't think he's ever represented a foreign government. I think he tried on several occasions to put a package together and has not been successful in doing so.

Q Hassan Managa is an employee of TGS, isn't he?

A He was an associate. His father is a shareholder in TGS. He did some architectural work for us on the Kuwait project.

Q I'm looking at document 1021. It's 2011. He's talking about a barter deal with Iran.

A Yes.

Q And he says, "Say hello to Ali for me."

Who is Ali?

A I have no idea.

Q Would it help you to look at the thing? It's dated September of '85, if you can narrow down the "Ali's."

A No, I can't.

Q During the 1985-'86 period did your company, TGS, have something to do with looking for specialized security-type people to work in Saudi Arabia?

A Specialized security people? Better let me take a look at that.

Q 2033.

A Let me take a look at that.

Q Specialized U.S. and British workers for employment in Saudi Arabia.

In other words, workers to be security type people.

Are those construction people, or what?

A Just let me plow through this, because that doesn't tell me anything. This was a transaction handled by Mr. Gillespie. I don't see anything here that would help me answer that question. It doesn't ring any bells with me. I would say they odds are that some sort of construction work.

Q Why would you look for British people to do construction work?

A Depending on what the items were. In some cases, the British engineers are cheaper than American engineers.

Q I'm looking now at a folder marked Stanford Technology. It starts on page 2081, and at 2084, there's a letter from yourself to Hakim relating to helicopter sales in South Korea. These are the Hughes helicopters we talked about before?

A Yes.

Q What was Hakim's part in this transaction? What was he bringing to it?

A Basically, the entry into the Korean market. He had neen doing some work, I think, by that time, in Korea.

Q Who were his contacts there?

A I don't know. I know he had done some work for the Korean Power Company or Electric Power Company and had a lot of contacts with the Korean business community. If I recall that correctly, we were recommending to him to look at the Korean Airlines import of helicopters or assembly of helicopters.

Q These are military helicopters; right?

A No.

Q Model 500MD Defender Scout sounds like a military helicopter.

A No. I think that was an assembly. But I would have to look at the catalog. I think this was an assembly project of a fairly light helicopter. I think it's a commercial helicopter. Otherwise, I don't know why Korean

Airlines would be putting them together.

Q I'd like you to look at page 2085. This is an early 1983 termination of the Trinidad and Tobago project and the Honduras project.

I want you to tell me what the Honduras project was at that point.

A It looks like someone in Honduras had some sort of a radar program that we had been asked to look at or we had proposed.

I don't recall the details of it. Looking at these two numbers, they both look to be in the same category, so I know that the Trinidad-Tobago one was a radar, so I assume this is a radar.

Q You don't recall anything more about the Honduras project other than radar?

A No, I don't.

Q Was it the same kind of shore type or shore coast radar as Trinidad and Tobago?

A No, I really can't recall. Obviously, it says here, specifically, Westinghouse is coming up with a project, so they make a wide array of stuff, so I don't know what that could be. Right here it says in here there's a description of this.

Q 2086?

A Air Transport Long Range Search Radar.

Q What is that?

A This is possibly some sort of a radar system that can be put into a van and can be moved from one location to another to give the radar facility mobility against whatever target it's looking at, not tied to a fixed base.

Q What is the application for a system like that?

A Probably coastal and air defense.

Q Against what?

A Airplanes, ships. You know, whatever you're targeting against.

Q And what was Honduras concerned about at that time?

A That I can't tell you. I don't have any --

Q Other than Dick Secord?

A In 1983? You know, there was a time -- I can't clarify that any further than that. I'm just trying to think what was going on in '83.

Q Was this intended for use in Honduras?

A That's certainly the impression I get from that.

I don't remember that transaction.

Q And you don't recall discussing this with Neidhart or anybody else?

A No.

Q Is it possible that that system was meant to be purchased by Honduras and turned over to somebody else like the contras for use?

MR. MC KAY: I object. I think that calls for speculation.

THE WITNESS: You know, in '83, I have no concept of that.

BY MR. HOLMES:

Q I gather, from page 2091, that you and Mr. Hakim, as early as August of 1982, you and TGS were engaged in discussions about support systems for a number of military weapons in Egypt, including armored vehicles, HAWK missiles, F-16 Falcons and F-4 Phantoms; is that accurate?

A Yes, I think we mentioned before, we had given them a series of packages relative to logistics systems for various tactical components.

MR. MC KAY: Explain for the record what you proposing to provide.

THE WITNESS: Part of the storage equipment which would enhance the retrieval and issuance of spare parts for systems.

BY MR. HOLMES:

Q Have you ever heard of a company called Four Ways?

A No. I think you asked me this before. I'm not familiar with a company, Four Ways, but I think you asked me this before. It's come up somewhere here recently.

Q It might have been in the subpoena.

Are you familiar with any company by any name that manufactures difficult-to-locate, out-of-production military spare parts?

A No.

Q You have never done business with any company like that?

A That manufactures difficult spare parts?

Q Right. Spare parts that are either out of production or a particular need for one reason or another.

A No, I don't have any recollection of being in touch with that kind of a company.

Q Have you ever discussed that kind of company with Hakim or Secord or Clines?

A No, not that I have any memory of.

Q Various of these proposals that you put together I notice are a sizable amount of money, are they not?

A Yes. Some of the spare part systems to handle that kind of item are expensive.

Q So it would be fair to say that if you and Hakim had been successful in any of these, that it would have made an enormous difference to your company's financial well-being?

A Yes.

Q Like this HAWK parts logistic support system is $5 million and some of these others are larger?

A Right.

Q Has TGS engaged in the sale of medical supplies in the Middle East?

A We are trying to get involved in the sale of medical supplies in the Middle East.

Q When did this effort begin at TGS?

A Probably in a serious way, I guess maybe about a year ago.

Q In other words, December of '86?

A Well, it seems to me about a year ago we were talking. Prior to that, we had some correspondence with Kuwait and so forth on individual medical items, but I think in a serious vein in Kuwait about a year ago.

Q And the source of these medical supplies would have been where?

A U.S. firms.

Q Strictly U.S.?

A Yes.

Q Not European?

A No, we have not looked in the European market.

Q Have you discussed supply of medical supplies to any Middle Eastern country with Hakim?

A No.

Q Secord?

A No, I have no recollection of that.

Q Has TGS, through its board of directors, discussed the possibility of providing or purchasing, for any purpose, jet aircraft?

A We have talked about 747s. I think I covered this with you the other day, about 747s for China. 747s, and I think, 707s. You're probably reading from the corporate minutes there.

Q I'm reading this from document 2962. But the reference is to a Fernando Povone.

What role did he have in this transaction?

A He is an Italian, and he was representing the Italian company that was interested in putting together a transportation deal with China.

You remember I explained to you that they were looking at various configurations of airplanes: total freight, half freight, half passenger, all passenger, which made it very difficult to put together what they wanted.

Q What is the market price for a 747 aircraft?

A It depends. I can't give you a cold answer like that.

Q Sure, I understand that. Give me a range.

A I mean, there are so many variables, and you can't back me into an answer, because you want an answer.

Q I don't want a specific answer. I want to know what kind of money we're talking about. Would it be a couple of million?

A You're talking about a substantial amount of money. It depends on how many hours are on the air frame, how many hours on each engine, what spare parts package goes with it, and so forth, and each one has to be looked at in the context of the time.

Q Let's get into it a little bit further. You had potential buyers in China; correct?

A Mr. Povone had potential buyers in China.

Q And they had at least some idea of their needs?

A Right.

Q And they communicated those needs to you?

A No. To Mr. Povone.

Q And at some point in time, you and Mr. Povone attached some specific group of aircraft to their needs?

A Well, we were looking at and negotiating at that time, I think, with TWA.

Q And negotiations with TWA were for particular needs?

A Right. For a specific type of aircraft and configuration. But the Chinese couldn't define exactly what they wanted; TWA had no schedule for releasing the aircraft. and eventually, the thing just disappeared.

Q Now I want to know what the price ranges were of the particular aircraft that you and TWA were discussing.

A I don't recall. If it's in there, let me read the thing.

Q It's not in here.

A I really don't recall. It's that complicated a kind of transaction, you just can't come out with a number.

Q Did you and TGS discuss the purchase of any other jet aircraft?

A In what time frame?

Q Any time frame?

A I think jet aircraft -- no, I don't recall any jet aircraft.

Q Does that mean that you recall nonjet aircraft?

A We talked the other day about the Buffalo-DeHaviland's airplane. That's not a jet airplane. That's a reciprocal engine.

Q Have you discussed with Hakim the proposal purchase of aircraft at any time?

A I have no memory of talking to Hakim, other than what we talked about when we talked about helicopter spare parts, and so forth, and no other aircraft that I can recall.

Q In the 1985 time framm, was TGS interested in becoming a food broker for Iran?

A Well, we looked at that proposal that Managa had raised. You showed me some correspondence, we were talking about before.

There was a proposal to sell food products to Iran, but we found it couldn't be done.

Q And these were food products that were going to be brokered through the Bahamas?

A Right.

Q Tell me how that was going to work in a business sense.

A Well, there's a lot of food imported from the United States into the Bahamas.

The question was, could you put a label on it, so that you had American food products but not showing that it came from the United States, and the answer is, no, you can't, or could you put a Bahamian label on it? You can't?

Q And then transship it to Iran?

A Ship it to Iran. There's no way you can do that.

Q You can buyers in Iran for the food, if it was possible?

A The Iranians had contacted Hassan Managa and said they were interested in large purchases of food, U.S. type products, but not U.S.-labeled. So the question is, can you relabel? Is there a way to do that? And the short answer to it is no.

Q Which I take it, took a while to figure out?

A Right.

Q During what period of time was that opportunity being discussed?

I'm looking at 2980, which is your board of directors meeting for 20 May '85.

A That sounds right. And you've got some other traffic there, which was a telex exchange between Hassan Managa and somebody in Iran.

Q Did TGS explore any alternative routes of supplying food to Iran?

A No.

Q And have they ever supplied food to Iran?

A No.

Q Looking at 2980 still, I would like you to tell me, in paragraph 4, what K-4 means, and what -- well, just tell me what K-4 means first.

A Well, K-4 is a warehouse complex in Kuwait.

Q And the C-130, DC-9 warehouse is another complex?

A Another project; yes.

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Q Is it in Kuwait?

A Yes.

Q Has TGS ever done any business with Libya at all?

A No.

Q Has it ever done any business in C-130 parts or maintenance?

A No. This is a warehouse for spare parts which were already there in Kuwait.

Q Kuwait was supplying the spare parts?

A Kuwait had the spare parts already. It was a matter of creating a warehouse, so they could recover their parts.

MR. HOLMES: Any questions?

MR. MONSKY: Have you covered Mr. Zucker?

MR. HOLMES: No.

EXAMINATION

BY MR. MONSKY:

Q Have you heard of a Willard Zucker?

A Yes, I have heard of Willard Zucker.

Q What do you know about him?

A Basically, that he is a tax man, lives in Geneva, Switzerland, and has been a longtime associate

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of Mr. Hakim.

Q Have you ever met him?

A Yes, I met him once and possibly twice.

Q Could you tell me when that was?

A I met him once in the United States, but I can't remember the year. It was probably sometime in the '80s, but I don't know what year it was.

Q And what was the context?

A The context is, I was meeting Hakim and Hakim was finishing a meeting with Mr. Zucker, and Mr. Zucker was going to the airport, and I was introduced to him. He took off, and that was about the extent of it.

Q And where was the meeting?

A I don't recall. I think it was in the hotel somewhere, in a downtown hotel, but I don't have any recollection of that, except I met him. I was introduced to him, and that was it.

Q What was the nature of the transaction that you were conducting with Mr. Hakim?

A I think it was just a periodic meeting with him that I was going to. I don't want to go back, you know, this late in the day. I'm tired, and I have been at

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now for a while. I had a series of discussions with Mr. Hakim. I met with him periodically. I can't be any more precise than that to you.

Q You said two meetings?

A I met Mr. Zucker once just to say hello and talk to him in the Geneva airport when I was transiting Geneva airport with Mr. Hakim on a trip.

MR. MONSKY: Off the record.

(Discussion off the record.)

MR. MONSKY: Let's go back on.

BY MR. MONSKY:

Q Can you tell me what that trip involved?

A I think Mr. Hakim and I were on a trip to -- either coming back from Egypt or going to Egypt.

Q And the purpose of the business in Egypt?

A General marketing, and we had a conversation with -- I think it was the wife of the deceased Shah. She was then in Egypt.

Q And what was the nature of the conversation with the Shah's wife?

A General conversation about conditions, politics, so forth, what she was planning to do.

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Q No specific reason for the visit?

A No.

Q Who knew the Shah's wife, you or Mr. Hakim?

A Mr. Hakim.

Q Was there any other business purpose for the trip to Egypt?

A No. Just the overall logistics problems, problem solving and meeting with the Shah's wife.

Q Problem solving for what?

A Well, there were some proposals we put in at various times for modular storage systems to support various technical systems.

Q When was the earliest time that you heard Zucker's name? Does it go back to the '70s?

A I don't know. The earliest time I ever heard Zucker's name probably goes back to the '80s after I retired in 1979. I think I started in business -- let's see -- did some work for Hakim, and it was about that time. We can look in here when I did work for Hakim, and it was after the start of the Iran-Iraq War, which is in September '80, so it was after 1980.

Q Did Mr. Zucker's name ever come up in the context

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of consulting work with EATSCO?

A Not that I know of.

Q Have you heard of a company called IOS?

A Is this the famous Bernie Kornfield, the investment company going back a number of years?

Q Yes.

A Yes, I have heard of it.

Q Do you know any of the individuals who were involved in that company?

A No. But I heard somewhere -- and this is not the first time these questions have come up, so I heard somewhere in this panoply of questions that Zucker was employed by Kornfeld and Zucker is a tax expert, allegedly.

Q Do you know that there was an assistant to von Marbod, a General Fish?

A Do I know him? I have heard of the name, but I don't ever recall meeting him.

Q Do you know of a company called Coastal Caribbean Oil Company?

A Yes.

Q What can you tell me about Coastal Caribbean?

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A I already discussed that. That was the company that I did some work for, the Bernstein Brothers, on offshore Florida leases, that Coastal Caribbean was involved in.

Q Has Mr. Zucker's name ever come up in the context of Coastal Caribbean?

A Not that I'm aware of.

Q Do you know an Edmund Safra -- S-a-f-r-a?

A No, that's not a name that rings a bell.

Q In international banking?

A No, that doesn't tell me anything. That's not a name that I know.

Q Have you had any contact with any other people associated with Zucker or know Zucker?

A You have to phrase that some other way. I'm not sure follow you, what you mean by that.

Q For example, have you been introduced to people who are friends or business associates of Mr. Zucker?

Q No, I don't recall meeting anybody, you know, that has been portrayed as a business friend of his. All I can recall is having met the man twice.

Q Have you ever heard of an oil company called PROSOL -- P-R-O-S-O-L?

A No, never heard of it.

Q What about a Mr. Al Bagen, who trades in Chemicals?

A No. I don't know anything about him. That's a fairly common name. Where is he located?

Q Florida.

A No, I would say, no, I have not heard of him.

Q Or Canada?

A No.

MR. MOSKY: Can we go off the record one second?

(Discussion off the record.)

MR. MONSKY: Back on the record.

BY MR. MONSKY:

Q Do you know of two lawyers in Californa named Jones and Barnett?

A No, those names don't mean anything to me.

Q Were you ever aware of a fact that General Secord bought some pocket computers from Ed Wilson?

A No, I'm not aware of any pocket computers or any computers' transaction between Ed Wilson and General Secord. I never recall anybody discussing computer transactions.

MR. MONSKY: Off the record one more time.

(Discussion off the record.)

MR. HOLMES: I still have a few more.

EXAMINATION

BY MR. HOLMES:

Q Following on the computer question, did you ever discuss with Hakim the sale by Hakim of computer systems or computer support systems in the Middle East?

A I don't ever recall that coming up. I don't have any memory of computers coming up.

Q Turning to Coastal Caribbean Oil Company, you didn't name it at the time we went through it the first time. I need to know a little more about that.

Who were the principals in Coastal Caribbean?

A I have forgotten the principals in it, but the Bernstein Brothers had a large equity position in Coastal Caribbean stock. It's a stock that's traded on several over-the-counter exchanges. Boston, Philadelphia, Seattle and so forth.

Q Were there other principals besides the Bernsteins?

A Yes. I'm saying he had a large -- I told you I'm getting tired. It's late in the day. It's a company that issues a standard annual report once a year, and it's got a normal board of directors and has an annual meeting. I forget the guy's name. The guy has been president of it for a long time. I just can't think of his name at the moment.

Q Have you or anybody associated with your companies ever invested in Coastal Caribbean?

A Yes. I own a few shares in Coastal Caribbean.

Q And when did you purchase those shares?

A I don't know. I guess that at the time I started working, doing some work for Mr. Bernstein.

Q Approximately when?

A I told you I remember that happened shortly after I retired. It could have been '79, could have been '80.

Q Do you know anybody else who has shares in Coastal Caribbean?

A The only other person I know of who has shares in it and monitors it fairly closely is Felix Rodriguez.

Q And how do you know of his interest in it?

A Because he discussed it with me. Essentially, I met Bernstein through Felix, and I know that he has some shares in it or had some shares in it and is monitoring developments in the company very closely.

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Q Felix Rodriguez?

A Yes.

Q Do you know what the approximate value of those shares are?

A No, I don't.

Q Is it a substantial block of shares?

A No. I don't know that. I really don't know.

MR. HOLMES: Let me check off some things.

MR. MONSKY: May I go to Coastal Caribbean?

MR. HOLMES: Of course.

EXAMINATION

BY MR. MONSKY:

Q Did you know Richard Secord owned stock in Coastal Caribbean?

A No, I don't think I ever heard him discuss Coastal.

Q He acquired his stock about the same time you acquired yours.

Was there something special about Coastal Caribbean that led you to acquire your shares?

A No. It was a situation that this individual, Maury Bernstein, was very enthusiastic about, and he's a fellow who made an awful lot of money in the stock market, and

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he got me interested in it. I did some work for him on the thing, in terms of leases off of Florida, and I bought shares in it.

Q Do you know if he knows Richard Secord?

A I don't think he does. That's an opinion. I don't think he does.

Q Have you met Mr. Dill or Mr. Pearman -- P-e-a-r-m-a-n?

A No, I have not. I'm not familiar with those names.

EXAMINATION

BY MR. HOLMES:

Q Do I understand that you purchased shares in Coastal Caribbean but have never sold shares?

A I have sold and I have purchased.

Q In what order?

A Well, I would have had to buy them to be able to sell them, and so I bought some and then there have been stock options at various times. I purchased the stock options and sold, and so forth. I bought some shares.

Q What I'm getting at is, have you traded them on a buy-sell, buy-sell basis or just been one purchase and then a partial sale?

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A Basically, I have held them for a substantial period of time. You're asking was I turning in the stock or something on a speculative basis, the answer is no.

Q You purchased and then you sold some?

A Right.

Q And then did you purchase more later after the first sale?

A At different times I had purchased and sole. As the stock has fluctuated, as its problems have changed.

Q And you have monitored those changes yourself, I gather?

A Yes.

Q But you never discussed those changes with Secord?

A I don't ever recall discussing those changes with Secord.

Q You never discussed the company at all with Secord?

A Not that I can think of. I don't recall discussing it with him.

Q And other than Rodriguez, you don't know of

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anybody else who owns stock other than Bernstein?

A Bernstein. I know other people. I can't think of the guy's name. There's a fellow in Philadelphia that's accumulated a lot of stock. He's an investor. I can't think of his name. I can't dredge it out of my memory right now.

Q have you ever heard of a man named Sam Bamieh -- B-a-m-i-e-h, a Saudi Arabian-American businessman?

A Oh, wait a minute. Is this the fellow who was written in "Regardie's" magazine recently?

Q I don't know whether he has been, but it makes sense. He lives here in the D.C. area.

A There was an article that appeared in some magazine about a guy who's name is very similar to that. I don't know him personally.

Q Have you done any business with any company of his?

A No, I have not.

Q Do you know of a company named IDG, for Industrial Development Group?

A No, I'm not familiar with that.

Q Have you ever heard of a company known as ADG, for Arab Development Group?

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A No, I have not.

Q Do you know of a company named Argo Systems?

A Argo Systems? No.

Q They dealt, at one time, in laser sights.

A No, I'm not.

Q Have you ever discussed any laser sight business opportunities with Hakim or Secord?

A I don't have any memory of laser sights ever coming up in any discussion.

Q Have you done any business discussions about laser sights with any person?

A Not that I know of, no. I don't recall any laser sights.

Q Do you know of a company named Century Arms?

A Century Arms?

Q Based in Canada.

A No, I don't.

Q Have you ever met an individual named Mandy Wigginsberg, also known as Weisenstein?

A No, I;m not familiar with that name.

Q Do you know of a company named Trans World Arms?

A No, I'm not familiar with them.

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Q Have you ever discussed a machine gun manufacturing business opportunity with any person over the years in the last several years?

A I don't know that I -- a machine gun?

MR. MC KAY: Machine gune manufacturing.

THE WITNESS: I talked with a fellow a couple of years ago from a company called Tround -- T-r-o-u-n-d -- that makes a cartridge that is shot into the face of rock formations for mining for drilling, but this fellow has been developing a gun called the Tround gun, and it's like a Gatling gun. I talked with him periodically, and he called me up about a year ago. He was involved here in a show in the Washington area. He asked me to come down to the show where he was participating here in some defense thing. I didn't get a chance to go to it.

Q What are the applications of this Tround gun?

A I don't know. It throws out a round which has a lot of little needles in it. You might be able to use it in SDI or something like that.

Q Could you explain that to me?

A Well, you throw out a big field of fire, and you're blanketing the sky with metal, and if metal has any impact

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on penetrating anything that's flying through that.

Q It's not designed as an antipersonnel weapon at all? It's an anti-electronic measures weapon?

A I would say it could be used against personnel. He had, at one time, developed a hand gun many years ago on this particular principle and developed some sort of rifle at this point in time looking at it for a Gatling gun type of arrangement.

Q I take it you never had any business involvement with this?

A No. I went up and looked at his plant, looked at what he was doing in the drilling area. I never did any business. I never bought anything from him, so forth. I did look at it.

Q Have you ever had any business -- and of course, I'm always including the companies -- with the Saudi Arabia National Guard?

A No, I have never worked for the Saudi Arabia National Guard.

Q Since you retired, have you had any business with any shipping company other than the ones that you have already mentioned?

A No. I can't recall any.

Q Do you know a man named Ed DeGaray?

A No, that name doesn't tell me anything.

Q Does Corporate Air Services mean anything to you?

A No. I think that was one that was on here.

Q Yes. Have you or any company that's on the list that we made this morning or that is one of the ones you responded on behalf of, had any deposit in any bank account outside of the United States, other than the construction-related bank account in Kuwait?

MR. MC KAY: I don't understand which company you're asking him to respond to. We had four companies that were subpoenaed. What else are you asking him to respond to?

MR. HOLMES: I made a list of companies this morning, the ones he was associated with:

API, RIT, SSI, Triangle Associates, STC, EATSCO, Trans-World and Bernstein Brothers.

THE WITNESS: What's your question again?

MR. HOLMES: That's an inappropriate list, because I included Trans-World Oil and STC.

BY MR. HOLMES:

Q Have you or any company that you were a director of, officer of or controlling employee of, ever had a deposit in a bank account outside of the United States, other than in Kuwait?

A I don't consider myself to be those categories you used to apply to TGS and RAI, and we have no accounts other than the Kuwait bank account that we had in a foreign bank account.

Q You lost me when you qualified it at the beginning.

A Well, I have only been an officer or director, so forth, whatever the other items were that you mentioned, for the company TGS International and RAI. Those companies. The only foreign bank account we had was an accommodation account in Kuwait, where we had to pay for local materials.

Q Let me ask the question in a slightly different way to get a slightly different situation.

Have you, through any mechanism, whether it's by ownership of shares in a corporation or control of the corporation or through a lawyer who controls the corporation or any other agency or any other method at all, had control of any funds outside the United States, other than the

Kuwait bank account?

A No, I haven't No corporate activity that I know of.

Q We're not talking strictly corporate activity. I want to know if you, Theodore Shackley, through any method, corporate or noncorporate, have had control of a foreign bank account, whether it's in a bank or fiduciary or depository.

A I'm not sure what you're -- I've tried to answer the question. I told I don't through corporations. What else are you trying to get at? I told you the only companies I have been an officer or shareholder in have been TGS and RAI. I'm not following you. You've lost me somehow with the other part of your question.

Q Mr. Shackley, I'm sure you're aware, through your experience in the CIA, that there are a number of ways of controlling funds without having your name on the bank account or without have specific direct corporate control of a bank account.

Do you agree so far?

A Yes. But I told you, I don't have any --

Q For example, a person can have a corporation created in the name of ABC in Panama and then instruct his Panamanian lawyer to have that corporation open an account in a bank in some other country, and then that corporation can control the money at the direction of the person who originally opened the account, without having his name associated with it.

A Haven't I answered that? I told you I don't have any or haven't had any corporate-related accounts except the Kuwait account.

Q I want your answer on the ultimate question of whether you, Mr. Shackely, through any mechanism at all, have had control --

A Are you talking about me, personally, as an individual or talking about corporate structure?

Q Either one. Personal or in a corporate structure or through a partnership, through an anonymous society or any other mechanism, have you had the ability to direct the payment of funds from any foreign account at any time since you retired?

A In a corporate activity, none whatsoever. At one point I had a personal account in Bermuda, where I had a CD in a Bermuda bank.

Q When was that?

A That was probably about 1980.

Q And the amount of the CD?

A I don't remember. It was probably about $15,000, maybe $20,000.

Q And the source of the funds?

A Those were funds that I earned in lecturing and that Italian war game that I discussed with you.

Q So they had never been brought ashore from the Italian payment, paid into Bermuda?

A No, I was paid by Mr. Ledeen. I opened an account in Bermuda. I had that account for a short period of time, because of the difference in interest rate. I subsequently closed that account, brought the money to the United States, and that's it. It's on my income tax, and so forth.

Q The entire amount was paid you by Ledeen?

A Yes.

Q And it was in exchange for your services in the Italan war games?

A Right.

Q So lecturing was as a component of the war games?

A Right.

Q And was approximately $15,000 or $20,000?

A I think that's what the account was; right.

Q When did you bring it ashore?

A I don't know. Normally, I think I did that through a bank transfer or through a check.

Q When it was brought into the United States, it was brought into the United States as a credit, as opposed to a loan?

A Hes. I mean, it came into my account. It wasn't a loan from me to me, if that's what you're saying.

Q I'm not saying that.

A No, I mean, if that's what you're asking, was it a loan from myself to myself, the answer is no. It just came in, and it was a deposit to my account, and that was it.

Q And the name on the account?

A It had my name.

Q I take it then, from the answer to the previous questions, that you have never controlled funds outside of the United States in another name?

A No. Since I have retired, I haven't had any.

Q No, within the United States --

MR. MONSKY: Let me ask, can we go off the record one second?

(Discussion off the record.)

BY MR. HOLMES:

Q Mr. Shackley, while we were off the record, we discussed a couple of examples of possibilities of how money or representatives of money can be controlled, indirectly.

For example, an oral agreement with a person to act as agent or representative of you in controlling money for you or, as another example, a bearer certificate or a letter to a Swiss fiduciary naming you as the true owner of the particular account or other agreements by which a person can become an owner of an account without having his name on the account or any paper evidence of his control over the account, and you have indicated that not only do none of these examples apply to you, but no other similar example does.

And I'll ask you this question to cement that.

Mr. Shackley, other than government funds, have you ever had, through any mechanism, control of any funds outside of the United States other than your Kuwait account?

A I was just talking about the Bermuda account.

Q And your Bermuda account?

A No, I haven't, other than those that we have discussed. That is, the Kuwait account and the Bermuda account.

Q And that includes the years that you were in government service but excludes money that you controlled on behalf of the government during those years?

A Yes, that's correct.

MR. HOLMES: Mr. Shackley, I'd like to prevail on you, if I can. I know you're tried, but I'd like your opinion on one thing.

We can go off the record and discuss it, if you want.

Let's go off the record.

(Discussion off the record.)

MR. MONSKY: On the record.

EXAMINATION

BY MR. MONSKY:

Q Have you heard of a company called ARVAG -- A-R-V-A-G?

A No, I have not.

Q A Swiss corporation?

A No.

Q ICT, International Chemical Trading?

A No, not familiar with that.

Q Karma Trading Corp.?

A No. I don't believe I've ever run across those.

Q Overseas Corporation?

A No, I'm not familiar with them.

Q And with respect to BDM, my understanding is, you haven't had an transactions with them in the past few years?

A I have never really had a transaction with them. I had one conversation a number of years ago with a friend of mine, who asked me to fill out some forms for him to be on a consultant call list and never did do it, and I have never done any work for them.

MR. HOLMES: That concludes our deposition, Mr. Shackley.

I appreciate your time.

(Whereupon, at 7:25 p.m., the taking of the deposition was concluded.)

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May 12, 1987

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FORM DOJ-385
OCT 83

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DEPOSITION OF GASTON J. SIGUR

Tuesday, April 21, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The committee met, pursuant to call, at 2:00 p.m., in Room 6205, Department of State, Washington, D.C., with W. Neil Eggleston (Deputy Chief Counsel of the House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel, Timothy E. Traylor, Counsel, Steven Berry, Associate Staff Member, Minority Staff, on behalf of the House Select Committee on Covert Arms Transactions with Iran; and Terry A. Smiljanich, on behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

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Whereupon,

GASTON J. SIGUR

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION

BY MR. EGGLESTON:

Q It is Dr. Sigur, correct?

A That is right.

Q Okay.

A However you want to do it.

Q Dr. Sigur, my name is Neil Eggleston. We have been introduced. I am Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran. I am here today pursuant to the Committee's mandate to investigate the circumstances surrounding the Iran/contra affair.

The parameters of the investigation are all spelled out in what is called H. Resolution 12. Terry Smitjanich is with the Senate Committee and he is also here and when I am done will have questions on behalf of the Senate that he would like to pose to you.

So it is really being conducted in the guise, I think, of a joint deposition of you.

Let me start, if I could, by just asking you if you could generally tell us in a brief fashion about your own

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background, where you were born, grew up, your education and your jobs prior to the time you first began with the NSC.

A Well, of course, I have got a number of years behind me.

Q That is why I --

A That is quite a little ways. I don't know how far back you want to go.

Q Let's just go with your education a little bit.

A I got my degrees from the University of Michigan, B.A., M.A., and Ph.D., and I did my work in history, Far Eastern history. Then I worked at the university for a time as an assistant director of international affairs, did a little teaching -- in the international center, not internation affairs, assistant director of the international center, teaching.

Went to the Asian Foundation for quite a number of years. I was with them from 1956 through 1959 and then I took off a couple years. I was with the Gotham Foundation and did some teaching in Japan and then I in 1962 went to Afghanistan as the Asian Foundation representative; stayed with that organization until 1972 when I became the director of the Institute for Sino-Soviet Studies, professor of international affairs, George Washington University.

Stayed there until 1982 when I went with the National Security Council in July of 1982. And I took leave from the

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university; and went back to the university full time in October of 1984, remained a consultant to the National Security Council and was at the University until March 1986 when I took this job.

Q What is your current title?

A Assistant Secretary of State for East Asian and Pacific Affairs.

Q Maybe if you could just tell me very briefly what your current job entails, what are your duties here at the State Department?

A Well, I am responsible really for all affairs involving the East Asian and Pacific region and for policy in that region. That covers China, Japan, Korea, Southeast Asia, Taiwan, Australia, New Zealand, Pacific Islands, Burma.

Q Let me --

A I am chief advisor, in other words, I guess the way we put it, to the Secretary of State.

Q Let me direct your attention back to the period of time between July of 1982 and October of 1984 when you were actually, I take it, assigned to the NSC not as a consultant, but you were actually there.

A That is right.

Q Can you describe what your jobs were or what your job was during that period of time and what your duties were?

A Again, from the point of view of the National Securit

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Council, I oversaw Asian security matters, Asian affairs as the NSC operated. I was responsible to the National Security Advisor at the time and I came in when Bill Clark was the National Security Advisor and I stayed on when McFarlane took over and then, of course, stayed as consultant. My duties were quite broad in the sense that I dealt with the whole of East Asia and the Pacific and I had two people who worked with me.

Q Who were they?

A David Locks and Dick Childress. Locks was China, but also he was, basically he had an academic background, I mean, economic background so he was helpful in that regard. Childress was a military man so he was helpful in that regard. I was not, of course.

I didn't have that kind of background.

Q Were you then Director of the Directorate on East Asian Affairs?

A Yes, as the Director.

Q And there were these two other people in your Directorate?

A Yes.

Q I take it your job was basically advising and coordinating, advising the National Security Advisor on East Asia?

A On East Asia and the Pacific, yes.

Q Did your title and job description remain substantially the same throughout the period of time?

A Throughout the period, except in July of 1983 I was named Special Assistant to the President.

Q Was that a name change, change of title or just a change in the jobs?

A No. Didn't mean any change in job at all. I did exactly the same thing.

Q I understand that --

A The working title was Senior Director and Special Assistant to the President which meant you could eat in the White House mess.

Q I had heard there were changes in the way it was set up.

A But the job was exactly the same.

Q Okay.

A The job was no different at all.

Q Let me take you then before I sort of go back to that time period, after you left there in October 1984, and went back to -- did you say Georgetown or George Washington?

A George Washington.

Q You remained as a consultant for a period of time to the NSC.

A Yes.

Q How long did that last?

A I remained until I came here in March 1986.

Q Did you -- if you could describe the circumstances around that. Did you have an office there still?

A I kept the same office I had and, in fact, I still oversaw the policy and still reported directly to the National Security Advisor, but I didn't spend nearly the amount of time on it. I tried to spend, say, up to three or four hours a day, I would usually go over, say, about a quarter of seven in the morning or something, and attend the 7:30 staff meeting, stay maybe until quarter of nine or nine, and go over to the university and spend the rest of the day there and go back for a couple of hours in the evening.

Examination

By Mr. Berry:

Q I am Steve Berry. Was that normal or usual? Were there other consultants with similar duties?

A I am not sure anyone else had anything quite like that, I don't believe.

Q You retained all your security clearances and everything and had the same access?

A Yes. That is right. And there are consultants who have done that, retained their security clearances as far as I know.

Q Were there other consultants at the time that did that?

A I can't tell you. I really don't know.

EXAMINATION

BY MR. EGGLESTON:

Q Were you replaced? Was your position in 1984 filled?

A No. It was not.

Q So you essentially retained your job?

A Yes.

Q How many people working under you, did the same two individuals remain in your directorate?

A Yes.

Q I take it after Mr. Poindexter became National Security Advisor you continued to consult with him?

A Continued the same, that is right.

Q Let me ask you a few other questions about the organization of the NSC or about your participation. During the period of time that you were there as a regular senior director, I take it you attended the senior members staff meetings; is that right?

A Yes.

Q And during that period of time were they held on a regular basis?

A Yes, as I remember they were.

Q Did you continue to attend those?

A I continued to attend those.

Q I understand that during 1985 and 1986 they were held on four days a week. Am I correct in that?

A I thought they were five.

I don't know where you got the four from.

Q I thought for some reason on Wednesday it was omitted.

A You may be right about that. Sometimes there was no meeting on Wednesday, but I am not sure that was true all the time.

Q It is not important.

A That is right, though. Sometimes Wednesday was omitted because there was a breakfast that Poindexter and Shultz and Weinberger held, and Casey. That is right. Yes. You are right.

But that was not always the case. Quite often, in fact, those breakfasts were not held. But you are right about that, yes.

I had forgotten that.

Q I assumed you had attended them. I understand those were for senior members. Were there also, I take it, staff meetings that involved the entire staff of the agency?

A Yes, one a week.

Q Did you attend those as well?

A Not always. Often not. Sometimes.

Q Okay. I thought you might not have.

A Not always.

Q Let me, having covered the background of your involvement at NSC, let me ask you questions about the various areas that are of particular relevance to this investigation.

A Sure.

Q What I hope to do is ask you as to each of the countries your best recollection and ask you some sort of follow-up questions.

Let me first ask you about [redacted] and if you could just relate to me as best you recall your involvement in that event I would appreciate it.

A Well, as I said last time, Ollie North came to me and I thought it was in 1985 and I have been looking over my calendar, I see I had a breakfast meeting with [redacted] in [redacted] 1984 but I can't believe it was that early on. I thought it was in 1985, but I don't have anything in my calendar on that. In any event, Ollie North came to me and asked if I would, he said that he and Bud wanted to know if I would get in touch with [redacted] because they understood that [redacted] would be interested in helping in Central America with the contras.

And I said I would, so I had met with [redacted] I believe it was for breakfast at his home on a Saturday -- that is why this date of [redacted] 1984 caught my eye.

Q Is that a --

A But that seems awfully early. I didn't think it was that early. But maybe it was. Maybe I am wrong about that. But I didn't think so.

I thought it was 1985. In any event, I had breakfast with him and I talked to him about this. Ollie had told me that it was a desparate situation for the contras and that they needed funds for food and clothing and medicine and all that sort of thing, or everything, I guess.

So I spoke to [redacted] in that regard and he said, well, they had an interest in helping financially, but through the United States Government.

I went back after the breakfast and I saw McFarlane and I told Bud about this conversation. I said they say they have an interest, but they want to provide the money through the U.S. Government.

He says that is impossible. That can't be done. Can't do that.

So I told North that, what Bud had said, as well as [redacted] and then the next I had a call from Ollie and I can't remember, again, I thought this was a relatively short period of time, but it could have been longer. I mean, I thought it was weeks. It could have been months, perhaps, but I -- I just don't know.

But in any event, he asked if I could arrange to have him meet with [redacted] and have him talk [redacted] And he gave,as I recall then -- I am not sure I said this last time -- but I think if I remember right, he talked about the possibility of having someone from [redacted] or [redacted] himself meet, get together with the contras, with some of the contras.

In any event, I arranged a meeting between [redacted] and Ollie to take place at the Hay Adams Hotel. The only -- I don't have a date for that. I have a Hay Adams Hotel tea with nobody listed which is August 2, 1985. That is possible.

I can't swear to that, but it is possible that that was the date.

Q Okay.

A In any event, I brought Ollie over there, introduced him to [redacted] and I left and I don't know what the conversation was. The next thing I heard was -- again, I don't know how long a period this was, I really don't -- I didn't think it was that long, but I could be wrong, the next I heard was that Ollie telling me [redacted] telling me, I guess, I had a call from [redacted] that [redacted] was prepared to offer a million dollars to the contras.

So I told Ollie this and again on the timing I really don't know how long a period of time this took, but Ollie calle me back and asked if I would call [redacted]ay to him that there would be someone representing the contras to go by his office and who would tell him how to provide the funds. He may conceivably have given me a name. If he did, I don't have any recollection of it.

He might have. He may not have. I don't know. He just said someone would in the next couple of days. Then [redacted] told me that that had taken place.

Now, that is all I know. I don't know whether the funds actually got anywhere or what. I don't know anything about it.

To pursue that, there was a period of time that passed when Ollie came to me again and spoke of the desparate need of the contras and whether [redacted] could do anything further financially and I called [redacted] mentioned it to him, he said he would check, he came back and said, yes, and I told Ollie and that is I think the last I heard of it. But my understanding is something was done further.

Q On the second occasion.

A On the second occasion.

Another million.

Q Let me take you back through this and ask you some other sort of detailed questions. First, what date was it that you thought the meeting was in August -- let me ask you this way -- your calendar reflects a meeting in

August 1984 with [redacted] You thought it was c Saturday. I didn't get down to the exact date tha calendar reflected that meeting taking place.

A August [redacted] But that seems to early. I can't -- it is hard for me to think -- I used to meet [redacted] you understand, about once every couple months either in his home or at his home or at a restaurant. We used to get together and talk about our relationships.

[redacted]

Q Okay.

A So that was fairly standard procedure to meet, but I don't have any other breakfast as such written down in 1985. I am pretty sure it was a breakfast. And I am pretty sure it was a Saturday.

Q And August 18, 1984, is a Saturday.

A That is the only one I have written down. But that doesn't mean it didn't happen in 1985, you see what I am saying. I just want you to be sure I am not saying that that was it.

It may have been and it may not have been.

Q All right. Let me ask you, at the time let's just assume, although I understand you are not saying it was around August 1984 that this meeting took place --

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A It could have been August 1985 is what I am saying.

Q But let's say as of August 1984 did you know that -- I have Colonel North's calendars so I was looking just to check some stuff and we will take a look.

A Fine.

Q Did you know that at that time, as of August or so of 1984, that the contras was one of the areas that was within -- I guess it is called an account or one of Ollie North's accounts?

A I didn't know specifically what Ollie did. I assumed -- there was no doubt that he dealt with the contras and with Central America. No question about that. But how much it was his account, I didn't know that. I really didn't know what he was doing.

Q All right.

A I really didn't.

Q Did you have much previous -- prior to these events that you will tell us about and have told us about -- did you have much previous contact with Colonel North?

A Hardly any.

Q He did not come within East Asian areas at all?

A Oh, no, no. If he did, not with me.

Q Not with you, okay. You said as you went through this that the first thing that happened [redacted] [redacted] was that Colonel North came to you

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and asked you.

A Yes.

Q Did he come to you in person or on the phone?

A In person. He talked to me in person.

Q Was anybody with him?

A No. He was by himself.

Q This was at -- let me help the time out a little bit. It seems to me at one time you be able to remember is the October 1984, whether or not you were -- in October 1984 is when you ceased being a regular NSC employee and also have your George Washington duties.

Do you think this took place in that period of time that you had already gone back?

A I can't say. As I say, initially I thought it took place in 1985.

Q Right.

A That was my initial thinking until I saw that thing on the book. I thought all of this took place in 1985.

Q Right.

A Until I looked at my calendar, then I got slightly confused when I saw this. That is if only thing because I thought it was 1985. That certainly was the way my thinking was. It was 1985.

Q Was it just the two of you in the office?

A I am not sure it was in the office. It could have been anywhere over there.

Q In the NSC?

A It could have been anywhere, but it was just the two of us. I am pretty sure there was nobody else there.

Q He didn't bring anyone with him and you didn't have one of these two guys with you?

A No. There was nobody there. To the best of my recollection, it was just the two of us when he said he and Bud McFarlane had these discussions and they wanted to know if I would speak with [redacted] about it. That was it.

Q I know that you indicated he told you about the situation that the contras were in, they had run out of money.

A He gave a very strong case about how terrible their situation was.

Q Did he tell you what the money would be used for?

A No. Basically I got the idea that it would be, again, humanitarian, he talked about the terrible shape they were in, all the things they needed, medicine, there was no medicine. Everything.

He went into a long, long story about the situation, you know, and how terrible it was. Not specifically, though, no.

Q How long did you talk to him?

I know I am asking you about things that happened a long time ago.

A I don't think it lasted longer than five minutes. But I don't know. Five or ten minutes, maybe.

Q I take it at this time you knew [redacted] fairly well.

A Oh, I have known [redacted] for a long while.

[redacted]

Q And do you have any recollection, how did you get in touch with [redacted] just call him up?

A I called him up on the phone, I think.

Q How long was that after this encounter with Colonel North.

A It is hard for me to say. I would guess it wasn't that long. A couple weeks maybe.

Q Okay.

A Something like that.

Q Did you have the sense from Colonel North in his discussions with you that it was an emergency situation?

A Oh, sure. No question. He presented it in that way. Yes.

Q Did he give you any indication of how much money he was hop~~p~~ing that [redacted] would be willing to give?

A As much as possible, I think, is the way he put it and he was talking about several million, I think.

Q Is that right, your impression was --

A My impression, was, yes, I can't remember exactly. But he was talking about as much as possible.

Q Was the meeting with [redacted] then scheduled specifically to discuss this?

A That was my intent, yes. Though I think we talked about other things, other possible relationships, but the meeting was basically for this purpose.

Q Did --

A No one else was there.

Q Where did the breakfast meeting take place?

A In his home.

Q In his home?

A Yes.

Q Was anyone there during the breakfast?

A No.

Q Just the two of you?

A Right.

Q But during the course of that, how did you relay the request? Did you relay it as having come from Colonel North and McFarlane or from the U.S. Government, maybe if you could flesh that out.

A I can't remember basically how I put it, but I certainly put it in terms of coming from McFarlane, I mean, the National Security Advisor, no question about that. That is the way I put it.

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Q What -- do you know what you told him the money would be used for?

A No. As I recall, I told him the great need that they had told me about and so forth. I am not sure that I ever specifically said, other than I told him of the need and the things that they have to have.

Q Did you tell him -- did you ask for a specific amount of money?

A No, I don't think I did. I think I talked -- no, in fact, I am pretty sure there was no specific amount of money.

Q Was there any discussion about the amount of money they might want to give or not give during that time?

A No, I don't believe. To the best of my recollection, I don't think he said anything about that. I think the first time he said anything about money was when he came back and said they could provide a million dollars. I don't think he said earlier.

Q When you first talked to Colonel North about this did you have any discussion with him or qualms about whether or not there was -- donating money by third countries was legal or illegal?

A I asked him.

Q You did?

A Yes, I said, are you sure everything you are going

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to do here is legal? He said, oh, yes.

Q Did you get any sense of how he knew it was legal?

A He said they had checked it out with lawyers.

Q Did he tell you what lawyers?

A No.

Q Did you have the impression it was the White House Counsel's Office?

A I had no impression at all. I really didn't think about it one way or the other.

MR. BERRY: What was the policy at that time at the NSC, especially when you came into a grey area where you thought you should at least check with legal counsel, was the policy to check with NSC legal counsel or what was the stated policy of the NSC?

THE WITNESS: I can't answer that because I don't know what that was. I have no ideà.

MR. BERRY: There was no enunication of a policy then that you can recollection?

THE WITNESS: Not as far as I knew.

MR. BERRY: When Mr. McFarlane indicated to you, you came back to --

MR. EGGLESTON: Could we wait until I get to that?

MR. BERRY: Sorry.

MR. EGGLESTON: Otherwise we will have a problem.

Do you have anything else about what we have now?

MR. BERRY: Just the legal question.

BY MR. EGGLESTON:

Q Okay. Did you talk to anybody else other than Colonel North about whether or not there might have been a legal problem?

A No.

Q During this course prior to talking to [redacted] the first time, did you talk to anyone at the State Department or anybody else about this?

A No.

Q Did Colonel North ask you not to or was there any reason not to?

A Not specifically. I don't think he specifically asked me not to, I just didn't.

Q Okay. I am curious that it is a contact between the United States Government and [redacted] involving asking for money to be provided at the United States Government's request. Is that something that you would have normally brought the State Department in on or is that the kind of thing --

A I never thought about it one way or the other. I thought this was a request from McFarlane. He was my boss and I did what he asked me to do. It was as simple as that. My assumption was that this was agreed upon policy.

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Q Okay.

A I was not doing something that other people -- after all, McFarlane was in daily contact with Shultz and Weinberger and Casey. I assumed that these things were --

Q Right.

A -- were done. I didn't have any reason to question that. Why should I think that there might have been something else?

I was asked to do it. I did it.

Q Right. Did you prior to the time you spoke to [redacted] did you discuss it with McFarlane at all?

A Not prior. It was after I talked. I had no reason to doubt Ollie at all. I didn't question him for a minute and obviously when I spoke to McFarlane there was no reason for me to have done so because it was right, I was correct. Everybody knew, at least I thought, that on matters involving this area Ollie spoke for McFarlane. There was never any question about that.

Q By "this area", you mean the area of the contras?

A Central America, yes.

Q So you regarded Ollie as clearly having authority to do this?

A Not a shadow of doubt.

Q To do this thing.

A No doubt.

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Q We have covered that breakfast then. After the breakfast, you come back and you see McFarlane at that time?

A Yes.

Q Do you recall where you saw him?

A In his office.

Q Was Colonel North present?

A No.

Q Just the two of you?

A Yes.

Q And I take it -- what was the conversation then? You told us --

A Simply I told him that I had had -- it was a very short conversation. There was no more than a few minutes. I told him in accordance with the conversation I had with Ollie and the request he and Ollie had put to me, I said I had breakfast with [redacted] talked with him about it. He said they might be able to help but they would have to do it through the U.S. Government.

And McFarlane said that is not possible. It can't be done that way.

Q Did he indicate to you why it couldn't be done that way?

A No.

Q Did you have any understanding why it could not be done that way?

A I thought there was probably something wrong with it.

Q But you didn't have any specifics on why it was wrong?

A I didn't have anything specific, no.

Q By doing it through the U.S. Government, I take it you understood [redacted] would --

A They would give the money to the U.S. Government, that is right. My assumption, you see, it is interesting, rather than me bringing it down like that, rather than me thinking it was necessarily anything illegal about it,

[redacted]

I didn't see it in other terms. I saw it in those terms perhaps. You know, this is the way I looked at it.

[redacted]

Q Did Mr. McFalrane indicate to you how it could be

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done?

A No. But as I say, when I talked later with Ollie saying about how he wanted to do something about introducing him to the contras, I assumed that is the way he and Bud had decided on it, to try it that way. See whether that was possible.

Q To do it direct?

A Do it direct.

Q As of the time you spoke then to Ollie, was that a conversation you had after you talked to McFarlane?

A Yes -- about the contras?

Q Yes.

A Yes, oh, yes.

Q Did Ollie already know what you had said?

A No, I told him what I had said.

Q I wonder if you had an Indication that McFarlane had told Ollie that?

A I don't know, it is possible he might have. I told him in any event what McFarlane said to me. I can't recall how he reacted. I mean, whether he may have known. It is possible. He may have spoken to McFarlane. Yes. Sure. I don't know.

Q You told Colonel North that it was not possible the way [redacted] wanted to do it according to McFarlane, what was Colonel North's reaction? What did he say?

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A I don't know that he said anything at the time. I think he sort of shrugged. It was later, I believe that he -- again, as I say, it was a little later when he came to me about wanting to meet with [redacted] made comments about introducing [redacted] somebody in that outfit to the contra leadership.

Q Did the discussion with McFarlane or where McFarlane said you can't do it that way, did that prompt you to ask Colonel North about this, is this okay, is this all right, is it legal?

A No. I thought, frankly, that was the end of it right there. I didn't think anything would proceed from there.

Q All right.

A I had done what they asked me to do. I did it. That was that. But he came back again.

Q Then I take it Ollie came back. I think the first time you told us,at least to me, you indicated he called you. Do you have a recollection he called you on the phone as opposed to meeting with you?

A I can't remember. He might have called me on the phone.

Q I know this was the occasion where you started to wonder about just what the timing was. Do you have any recollection about a year, that is a long time?

A The only -- I know, a year seems an awfully long time, and I can't believe it was that long. Therefore,

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I think it was in 1985 because I do know when he came back to me for the second amount, when he asked again if they could help further, and I checked with [redacted] on that, that took place in October of 1985. I know that because there is a recollection that I have of someone who was in my [redacted]

I didn't talk with him about this. I simply -- what I am saying I recollect the two things together. Therefore, I know it, it is in my mind as being October.

Q Let me just probe your recollection.

A Of 1985.

Q Just to probe your recollection of these events, was it a longer period of time between -- it would strike me it would be a fairly short period of time between your first contact with [redacted] about this and the time Ollie comes back and a longer period of time before he wants you to go back to them again.

A I don't think it was all that long. I don't think it was all that long. My thinking would have been three months, four months, something like that. But if that thinking of August 1984 is correct, then we are talking about a year.

Q Right.

A Which is not impossible, I guess. I have got to --

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but it just strikes me as difficult to see it that way.

Q To think it was that much time?

A To think it was that much time. But I can't swear to that. I just have trouble on that business of trying to accept those times.

Q When Ollie called you, in any event, putting aside when it might have taken place, when Ollie called you again and said he wanted to meet with [redacted] I take it at that time you know that it is again about the contras and solicitation of money from a third country.

A Sure.

Q Did you ask him what happened?

A No, I did not.

Q Was that just a brief conversation?

A I don't know how long they met.

Q I am sorry. I mean, the conversation about setting up the meeting with North?

A Oh, that was just nothing more than a minute and asking me to set it up, that was all.

Q And so then you do set up the meeting with two of them at the Hay Adams and then after the introduction, I take it, you left?

A I left.

Q You simply disappeared? You indicated before that you had a date of August 2, 1985, in your calendar.

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A I have that down here as the Hay Adams tea. But I had tea at Hay Adams on numerous occasions so it doesn't have to be that. I will tell you the only reason I wrote that down as being important is because it ties in with the conversation I have listed on my calendar as I having had with the [redacted] It is possible those two things were together about this.

In other words, it fits in timing, but I can't -- I could be wrong about that. It may not be that. It could be another date involved there.

Q But just to finish our the rest of this story, so you leave and there comes a time then when you hear back from [redacted] again?

A Yes.

Q Is that right?

A That is right.

Q How do you hear back from him?

A I can't remember. I think he called me or said to me at a lunch or dinner or something, I can't recall.

Q What did he tell you?

A That they were going to assist.

Q Did he tell you how much?

A A million dollars.

Q Did you have any discussion by this time with [redacted] about how the money was going to get from them to the contras?

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A No.

Q Did he ask you about what his next step should be?

A I can't remember whether he ever asked me that or not. I don't think he asked me specifically. I told Ollie about it, you know, that he had said that they could assist. Ollie said he would make the arrangements or something like that. For it to be done, you know. I don't know if there was anything further that took place between [redacted] until the next time.

Q And thereafter as far as you know, Colonel North took care of the arrangements of actually getting the contras and [redacted] together?

A That is right. I know absolutely nothing about that. He said nothing to me about it and [redacted] said nothing to me about it.

I have no idea.

Q Okay. Then there comes a time when Colonel North comes back to you again.

A For more money.

Q Saying they need more money.

A Right.

Q Do you remember anything more about the logistics of that?

A No.

Q Did he come to you in your office or a phone call?

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A No, no. I don't remember that. It could have been I think it was probably -- remember now, I saw him almost every day at that senior staff meeting.

Q Right.

A It could have been after that. It could have been, you know, when he said something to me. That is possible.

Q You indicated before, I think, and I am just recollecting this, you placed this around the time of October 1985 because of the ambassador --

A The second go-around.

Q Was it the day of the second go-around?

A I am not sure of the date. That I can't tell you. But I recall it being around that time because I had -- North had talked to me about it. I recall and I was seeing our ambassador designate and the two things stuck somehow in my mind. They happened together.

Q Right. So you are able to place that?

A That is why I am able to place that in October, which I think is pretty accurate as far as I remember. I mean, it was October, maybe late October, but somewhere in there. Somewhere in there.

Q Did you contact [redacted] again then?

A Yes. I did.

Q And what happened? What did you tell [redacted] We need more money?

A That is what I told him. I talked to Ollie, Ollie tells me that they are again desparate, [redacted] said I will see what I can do.

Q Then you are out of it?

A Then I am out of it.

Q So you don't know what happened?

A No.

Q Did you get the impression from [redacted] in later meetings that more money had been sent?

A Oh, yes, he told me so.

Q Did he tell you how much?

A He said another million.

Q Other than those two occasions, did Colonel North ever approach you about getting any other money from [redacted] [redacted]

A No.

Q There comes a time in the summer of 1986 where the contras end up pretty hurting for money between the time that the NHAO money runs out and further congressional money that has been appropriated is available to them. Did he approach you at that time?

A I don't recall that.

Q You don't think so?

A No, I don't think so.

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EXAMINATION

BY MR. BERRY:

Q Just one question, if I could, or a couple.

Did North ever describe the type of assistance which he wanted to solicit from [redacted]

A My understanding was we were talking fundamentally about humanitarian stuff. That is, he talked about medicines, food, clothing. They needed everything, obviously. I mean, there was no question.

Q He never used the magic phrases such as humanitarian only and not lethal?

A I don't know as he ever said that to me, but I can't remember that. Not in that sense. It is possible. But I don't know.

I don't recall. It was clear that they needed everything they could have. Everything they could get, but he talked about, as I say, about medicines, he talked about that, yes.

Q You got the impression that it is basically fungible assistance, that is, dollars or monies, so that --

A Yes. No question that he was asking for money.

Q Okay. Did Mr. North ever -- Colonel North ever at any time request that you keep your talks with [redacted] compartmentalized, that you never discuss it with anyone else?

A I don't think so. I didn't, but I don't think he ever asked that.

Q Did[redacted] ever indicate to you that he was ever contacted by any other U.S. Government agency or official about this issue?

A No.

Q Do you know if Ollie North ever indicated that he contacted any other U.S. Government agency abou[redacted]

A He never said anything about any other U.S. Government agency. It was never mentioned.

Q As far as you knew, you were the only contact with U.S. Government was having with[redacted]

A That is right.

Q Okay.

EXAMINATION

BY MR. SMILJANICH

Q Just a few questions.

After each incident with regard t[redacted] you said earlier tha[redacted] confirmed after the fact, the fact that it had gone through successfully.

A Yes.

Q Is that right?

A Yes, or they had provided it, however they did it.

Q Is it also true that Colonel North also advised you after the fact on each occasion that, in fact, it had gone through?

A Yes, I think that is right. I think he did.

Q Did he give you anymore details when he told you that things had taken place successfully, did he tell you what had been done or anything like that?

A Not a peep.

Q On each occasion your understanding was the donation was $1 million in cash on each occasion?

A I guess so.

Q That was the impression you had?

A That was the impression. It was $1 million. Now, you know, that was my understanding. That is right.

[redacted]

Q He didn't react one way or the other, adversely or --

A He didn't react. I don't think he said anything. He just kind of brushed it off. It was nothing, he said to

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me.

Q Can you put any time frame on that mention by [redacted]

A I think it would be 1985, sometime, but it is hard for me to put it when. Probably somewhere inbetween the time of the first amount and the second amount, probably, but I can't --

MR. EGGLESTON: Whenever that happened.

THE WITNESS: Whenever those happened, right. It is hard for me.

BY MR. SMILJANICH:

Q It is down that black hole somewhere.

A It is down that black hole somewhere and I can't remember it.

Q All right. That is all I have.

BY MR. EGGLESTON:

Q I have just one more on this and I will go on. I indicated you had one conversation about this general area of [redacted] and solicitation with Mr. McFarlane, did you have any other conversations with him?

A No. That was all. Just that one.

Q Just that one?

A I never spoke to him again. My assumption was quite clear, that Ollie North represented Bud in this case and there was no reason for thinking otherwise.

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Q Let me go on to [redacted] and I think it might make sense to follow the same format which is I will ask you to remember whatever you do remember and go back and ask you to. Why don't you launch in?

A Ollie asked me and, again, it is probably sometime in the summer of 1985, again, talking about the needs and so forth, in Central America. It was broad, Central America, contras, but Central America. And if I knew anyone at the [redacted] whom he could talk to. I don't think, as I remember it, that he said anything to me about necessarily trying to get money from them. He wanted to talk to them about the Central America situation and the contras. I said, yes, I knew a man over there that he might talk to [redacted] by the name of [redacted]

He has a [redacted] background. Ollie asked me if I would call him and try to set up something with him. I said I would call him. So I called [redacted] and I think he came by to see me. We had some other things to talk about.

As I recall, he came by to see me and I mentioned tha Colonel North wanted to talk with him and talk to him about Central America. He said he would be quite happy to. I told Ollie that. I gave him his number and I never heard another thing about it.

That was the end of that. I have no idea whether they ever met or whether they did anything.

Q Is it [redacted]

A I think so, yes.

Q Do you remember his first name?

A No.

Q Did you know him well?

A No, I just knew who he was. I had met him once or twice.

Q Did you know what his position was?

A Yes, [redacted]

Q So he wa[redacted]

A [redacted] He is very close to [redacted] That job always has that to it. Sort of a personal representative. That is why I thought if he wanted to talk to him about Central America, that was probably the guy to talk to.

Q Is this the only time that -- I better not ask that-- can you place this conversation with Colonel North and these events with Colonel North at all in a time continuum?

A The only thing I can say is I have on my record that I met wit[redacted] in my office on August 2, 1985. That is probably it.

Probably. I can't swear to that because I met him a couple times. But that is probably it.

Q So that is the date that you would have met with [redacted] after Colonel --

A [redacted]

Q [redacted] sorry, after Colonel North had asked you to set up some sort of meeting?

A Well, I didn't really set up a meeting. All I did was say that North wanted to talk with him and I gave him North's telephone number and he could call him himself.

Q So unlike the meeting --

A I did not set a meeting up, no.

Q This is nothing you have ever seen before, so I am not going to ask you to identify it, but I have Colonel North's calendar for this week, and it is the week ending August 4 and on Friday, August 2, which is the same day that you have recorded, Colonel North has [redacted] Gaston Sigur; and later, 2:15, it looks like Gaston.

A Well, I --

Q I am not suggesting this is necessarily right.

A I don't know what he means by that unless he means by that that he talked to me about it there and I called him back then about it and told him what this guy had said, because I never met with those two together.

Q That is what I would ask you. You have a clear recollection that you were never in Colonel North's office with [redacted] and Ollie North?

A That is absolutely clear. I was never in that office wit[redacted] I don't know the ins and outs of this thing. [redacted] have gone down to his office. I have no idea. All I know is I did not meet with those two together. I am sure of that.

Q Did Colonel North give you the same sort of -- we went through this -- the same sort of introductory speech?

A Yes, oh, yes, very similar.

Q And I take it then you assumed that it was involved in solicitation of money, although he never mentioned that?

A He never mentioned it. It was probably in the back ~~my~~ of my head, but all he said is he wanted to talk to him about Central America and fill him in on what was going on down there. This was basically the way he put it to me. But I have no idea how he talked to him, if he talked to him, and what he said to him.

Q Did you ever talk to Colonel North about -- did he ever tell you that he had a nice meeting with [redacted] or a terrible meeting?

A No. He never spoke about that [redacted] connection again.

Q Similarly, I take it then you never spoke to [redacted] about whether or not he had any dealings with Colonel North.

A No. No.

Q So, basically, you just don't know how that story ends?

A I have no idea what happened.

Q Did you ever discuss that at all with Mr. McFarlane?

A No.

Q Or anyone else?

A No. I don't think I talked to anybody about that.

Q But just so that I am clear, your calendar seems to suggest that you had a meeting with [redacted]

A On the second.

Q On the second.

A That is right.

Q You probably didn't write it down, do you know what time of day?

Does your calendar indicate what time the meeting was?

A Let me see if I can get the time of day. I may have the time of day. What did I say, August 2?

Q Yes, August 2.

A 9:30 in the morning.

Q 9:30 in the morning?

A Yes.

MR. TRAYLOR: 9:30 it says.

THE WITNESS: 9:30, August 2.

BY MR. EGGLESTON:

Q Okay. [redacted] I wanted to ask you [redacted] about a ship [redacted]

Q Can you tell us what you recall about that?

A The only thing I recall is Ollie made some mention to me -- I think it was at one of the staff meetings that there was a ship going from North Korea, if I remember correctly about this -- I didn't pay too much attention to it -- to Nicaragua and they were trying [redacted] to stop the ship. That is all I know.

Q And you think that was just a single conversation?

A I am pretty sure it was just a single conversation. I don't know he said anything to me again. As far as I recall. It is not impossible, but I don't remember.

[redacted]

Q Did he tell you the name of the ship?

A I think he did at the time but I don't remember it.

Q You don't recall it. If I mentioned a number of a ship --

A If I saw it in the newspapers, but I don't remember.

Q You don't have a current recollection?

A It didn't ring a bell with me. It didn't really mean anything.

Q But your best recollection was it a single shot item where --

A That was my recollection.

Q Did he ask for any action from you?

A No.

[redacted]

MR. EGGLESTON: Steve, did you have anything on that?

EXAMINATION

BY MR. BERRY:

Q Just one question on the ship, depending on the time frame we are talking about, there was a Newsweek report [redacted]

[redacted]

about a ship from North Korea carrying arms to the Saninistas [redacted]

Do you know if that is the same time frame or the same ship that --

A I really don't know.

Q The ship Colonel North was talking about?

A As I say, I don't recall focusing particularly on that ship thing. He mentioned it to me. I didn't pay much attention to it. I heard what he said and that was that. I didn't focus on it particularly.

[redacted]

[redacted]

MR. BERRY. Thank you.

MR. SMILJANICH: I have no questions. Thank you.

EXAMINATION

BY MR. EGGLESTON:

Q Let me go on t[redacted] I think the system has worked well up to now. I will let you do the same thing. Let me get you started on this by asking you something.

We might be able to help place a date in your head which may or may not help you out. Did you have more than one meeting with [redacted] and Colonel North?

A No.

Q At the Cosmos Club?

A No.

Q Where is the Cosmos Club?

A 2121 Mass Avenue.

Q I will tell you that Colonel North has on his calend in late 1984, a meeting with you and [redacted] in the Cosmos at -- at 2121 Mass Ave.

A That is what I got here.

Q It is Wednesday, November 28, 1984.

A That is the one, yes.

Q With Gaston Sigur and [redacted]

A I thought it was June 19 when I looked over my calendar, but I have it listed November 28, 1984, possibly [redacted] at Cosmos. I can't be sure about that. But I have it listed here. If he has that, then that is it. I would accept that.

Q That is what he has.

A I will accept that.

Q Obviously, I will not vouch for his calendar but that is at least the one he has.

A I would think that is right. I have something in my book written here, I sort of scratched it through and put something else but I have it as possibly [redacted] at the Cosmos Club, November 28.

Q Now that we have a start --

A Then that is right. It is November 1984. That is the time it was.

Q Does that help you place [redacted] event at all?

A Well, I thought --

Q Assuming that is November 1984.

A Then I would have thought [redacted] event was before that.

Q Okay.

A That is my thinking that it was.

Q So you think it was probably August 1984?

A Could very well have been because it has as I said clearly a breakfast on Saturday at his place and that is the week I had it. So then we are talking about a long period of time that passed between the first and second. That is what screwed me up, I think. I didn't think there was that much time.

But that fits very well. That fits basically. Okay. November 28, 1984. Do you want me to go on?

Q Then I will let you go, yes, go on. I wanted to get you started.

A Anyhow, Ollie asked me again if I could introduce him to -- I think he knew the name, I think he said [redacted] [redacted] and if he could talk to him about Central America, the situation here. So I said, all right, I would set up something and I set up this lunch. I called [redacted] and told him that Colonel North who dealt with Central America from our point of view would like to talk with him.

He said, fine, he would be interested.

So we got together for lunch and Ollie gave him a long pitch, as I recall, about the Central American situation, the gravity of it, the seriousness of it, and all of this, and talked about the need in that area for

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assistance. We will have to be careful because, as I remember, and I must say I don't think last time I said this, but I do believe that at that lunch I think I wasn't there all the time. I think I went off and made a phone call and went to the bathroom, so I can't be absolutely certain of everything that went on.

In fact, I can't be anyway, because my memory is not that good, but I do remember Ollie and [redacted] talking about the situation down there [redacted] was very much interested in it.

[redacted] he was interested in Central America, [redacted]

So they had quite a conversation. They passed me by, I didn't know anything of this stuff, but they knew this and they were talking back and forth about all this. Ollie got on to the need down there for the contras, and he talked to him about the sale of weapons, as I recall.

Again, I can't -- as I remember, I don't know whether he specifically talked about sale of weapons to the contras. He talked about sale of weapons generally there. Obviously, the contras would benefit. Whether the contras would buy the wapons that is beyond me.

I wasn't -- I didn't know how that went. It could have been for all I know the sale of weapons to Honduras.

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I just don't know what the conversation was, how it went in that sense, because it was a very broad and general one, but clearly he was talking about the contras needs and so forth involved. No question about that.

Anyway, that was the gist of it. I left and I think they sort of walked out together, as I remember, and I left and that was the end of that and again the next thing I heard was from [redacted]

Q But a different person?

A Oh, yes, a different person. And he said something to me at a reception or dinner or something, he just said, oh, by the way, I sent back [redacted] a report on the conversation between [redacted] and Colonel North. I said fine. And I think I told Ollie that.

That was the end of that. I never heard another word about it.

Q Okay. Let me just ask a few more questions about this one as well.

A Sure.

Q It is your recollection then that Colonel North already knew of the name of [redacted]

A I think so.

Q So he had --

A He could have said [redacted] but I thought he may have mentioned him by name. I can't swear to that, but I just don't remember that type of thing.

Q Unlike the other situations it was not merely a request to set him up with someone from that country, it was either --

A No, I think it was more specific. As I say, I think it was [redacted] he requested.

Q And had you known, did you have a relationship with [redacted]

A Oh, yes, I know him.

Q You have known him for a long time?

A I know them all over there.

Q I wasn't sure how long he had been here.

A He had been here quite a little while, as I remember.

Q But your recollection is that Colonel North asked to speak directly to this person or to [redacted]

A I don't know, it could have been by name or could have been [redacted] I can't say.

Q But he had not previously -- I shouldn't say previously. I am not sure I have all the dates right. But as to the other people he had not specifically asked to speak to [redacted]

A Oh, no, no. That is right.

Q When he asked you to set this one up, I take it once

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again he indicated that he wanted to talk to the person about Central America?

A Yes. Oh, yes.

Q Then you got the lunch together?

A Yes.

Q And during -- let me sort of probe your recollection of this lunch a little bit more. Was it a lengthy lunch?

A I wasn't -- I don't know. I wouldn't say it was lengthy. No.

Q Was it an all-afternoon affair?

A Oh, no, no, an hour maybe. I don't know. It was a normal course of things, it was not a lengthy lunch, no.

Q Did General Singlaub's name come up during the course of this luncheon?

A Never, not to the recollection I have.

Q Do you have a fairly firm recollection?

A Of whether Singlaub's name came up?

Q Yes.

A I don't know. I can't swear to it, but I certainly don't remember it coming up.

Q By this time you knew at least who General Singlaub was?

A Oh, I knew who Singlaub was.

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Q So it would not have been one of the unfamiliar names like [redacted] people who came up?

A No. No, that is right. If Singlaub's name came up, I might have remembered it, yes, oh, yes.

Q Did you know a many by the name of General Secord by this time?

A No, never did.

Q Since November 1986, he has become --

A He has become a name now that I read out of the paper. I never heard of the man before I read the papers.

Q Do you have a recollection of whether his name came up at this lunch?

A No.

Q I take it you would be less likely to remember that one?

A Probably.

Q Since you would not have had prior familiarity such as with the name Singlaub?

[redacted]

Q Okay.

A Secord wouldn't have meant anything to me.

Q During the course of this lunch, I take it Colonel North, once again, gave his assessment of the

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desparate straights of the contras.

A Yes, oh, yes.

Q Of the Nicaraguan resistance, the contras?

A Yes, I think the regular --

Q Did you have any knowledge or sense that the Boland Amendment had recently become effective? Was that something you follows?

A I knew nothing about that. We heard talk, but I paid no attention to that.

Q It was not your area?

A It was not in my area. It meant nothing to me.

Q And again, at this time Colonel North is talking to [redacted]

A Yes.

Q It would make sense to me that he is talking to this guy not about blankets but --

A I think I said something to Ollie at the end on the way out without [redacted] hearing, something about you sure all this is legal that you are doing, Ollie? He said, oh, yes, everything is legal. I said that is all.

Q I take it you have a clear recollection that Colonel -- you indicated you were not absolutely sure, but I am sure you had a clear recollection that Colonel North wanted arms for contras either through [redacted] or --

A As I say, I don't know how, but he clearly expressed

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the view that the contras needed arms, no question about that. But he talked about -- he put it in such a broad sense, everybody needed arms, you know what I mean, so did all the rest of them down there. I mean it was this kind of a thing. So that is why I have to be a little careful about how I say this because I do want to say that that is the way he did it. But certainly, obviously, I had the impression that the idea was arms to be provided somehow for the benefit of the contras.

Q Either by --

A How it was done, I didn't have the vaguest idea.

Q Either by selling directly to the contras or selling them to [redacted] who provided them?

A Or to [redacted] or whatever, I don't know.

[redacted]

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[redacted]

Q So as you are leaving you had this conversation with Colonel North, you asked him---

A I sort of did it in passing. I said, you sure everything is legal here now, Ollie. He said, oh, he did.

Q Anything more?

A That was all. I took off and I think he and [redacted] may have talked longer, or they may have walked on, I don't know.

Q Did you ever discuss this event with Mr. McFarlane?

A No.

Q Or anyone else?

A No.

Q Or anyone in the State Department?

A No.

Q Or anyone else?

A No.

MR. EGGLESTON: Steve, do you have anything?

EXAMINATION

BY MR. BERRY:

Q One question. Where there any other issues discussed

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at that meeting such as terrorism or counter-terrorism, anti-terrorism policy between the U.S. [redacted]

A It is possible. It might have been. But I can't remember that. They talked about -- they sort of went over a lot of things. As I say, I didn't pay that much attention becaus [redacted]

Q It is your clear impression that the main purpose of the meeting was to discuss the need for equipment and/or supplies for the contras?

A Oh, sure. No question in my view.

MR. BERRY: Thank you.

THE WITNESS: As I remember it.

EXAMINATION

BY MR. SMILJANICH:

Q Was this meeting ever mentioned to Bud McFarlane as far as you can recall?

A Not as far as I --

Q By you?

A Not by me. My assumption would be surely it must have been mentioned by Ollie. My assumption was they were pushing together on this thing, and so was everybody else for that matter. I had no reason to think otherwise.

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Q I understand.

A I did not think otherwise.

Q I just meant you personally.

A No. I didn't.

MR. SMILJANICH: That is all.

EXAMINATION

BY MR. EGGLESTON:

Q Let's go back to --

A Back to [redacted] thing and Ollie's -- I think what he may have put down there, I am sure I probably told him I was seeing [redacted] he may have put that down that I was.

Q Actually, though, his calendar is maintained not by himself but that is the handwriting of his secretary.

A He could have said, though, that I was seeing him. Then I told him later that I had seen him and gave him the number and then I don't know what he might have done with it. But that is possible. I am just trying to suggest how it could have been.

Q Okay. I am ready to ask you about [redacted]

A Fine.

Q I take it this is substantially in the summer of 1986, by that time you were here, is that right?

A Yes. I was here.

Q Okay. Why don't you tell me what happened.

A Well, there is not much to say. You got the cables

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that gives you the rundown of it. I discussed it with Secretary Shultz on the plane going to [redacted] and I don't know how the decision had been made, but apparently a decision had been made to request [redacted] to provide $10 million for assistance to the contras. It was told, the Secretary told me this, and I made some question about possibly saying something to [redacted] when we met him. I said I thought that would be wrong.

I thought you had to kind to talk to other people around him, that you just can't talk to him directly like that. So anyway, that was given up, the idea of doing that.

So as the cables indicate, this is how we did it another way, by having the Ambassador speak and Elliot Abrams went to London. That was that.

Q You are on the plane between [redacted] how did the subject come up?

A The Secretary talked to me about it. He raised it.

Q What did he tell you? Just as best you can recall, what did he say?

A He said he was thinking of making an approach to [redacted] and see whether he could provide $10 million to the contras for humanitarian assistance and I said I didn't think it was a good idea for him to do it. That is all. I thought it was not right.

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I mean, it was not the way to handle it. That ought to be done through other channels. It is not for him to do it.

Q Because the Secretary of State shouldn't be directly asking for money from a foreign government?

A That is exactly right. So that was the way it was.

Q I take it prior to this time that you had no knowledge that the Secretary of State was going to raise this issue or wanted to raise this issue?

A No, I had no knowledge of it.

Q Did he tell you anything more about where the idea came from?

A No, he did not.

Q Did you know whether Mr. McFarlane had any involvement in this?

A I had no idea. Of course, it was not McFarlane, Poindexter.

Q Poindexter, yes, sorry.

A I had always assumed, though, you have to remember, just as I did on the other, I assumed that was not an individual account. This was the account of a government and these decisions were made by McFarlane and Shultz and Weinberger and maybe I was wrong in my assumption, but that was my assumption. My assumption would be on something like this we are talking about a situation decision that was taken by Shultz, Poindexter, so on, Weinberger.

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Q Right.

A And I had no reason to question that. No reason.

Q It was your assumption that Shultz didn't get this idea all by himself setting on the plane?

A I couldn't believe that, no, I didn't think so at all.

Q Was there any discussion with Mr. Shults or Secretary Shultz about where the 10 million figure came from?

A No.

Q It is a larger figure than --

A Pretty substantial figure, but I have no -- of [redacted]

Q Was it your understanding this was going to be a request of -- maybe this is tough in this area -- of him personally or of is government?

A Well, it doesn't matter. [redacted]

Q So.

A Doesn't make any difference.

Q So 10 million from him would be --

A [redacted]

Q Did you during the course of this talk to Shultz about the prior solicitations?

A No.

Q No?

A No.

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Q Did you ever talk about that with Mr. Shultz?

A No.

Q I don't want to go through a lot of detail about how the decision was actually made, but were there other people participating in this conversation?

A Charlie Hill.

Q Charlie Hill was participating?

A Yes.

Q Did he also agree with you that you should not go to [redacted] directly?

A Charlie didn't say much, but Shultz agreed. As soon as he thought about it, he agreed.

Q Who was it who decided that the best way would be to go through the Ambassador or whatever?

A Oh, I think we talked about it, thought that was the only way to go about it. That may have been my suggestion. I don't know. I said you got to -- we talked about it, it seemed the way to go. I don't know that anybody as one person, it was sort of a -- just that is the way to do it.

Q Maybe since we are in a deposition we can get this down for the record, you should describe -- I know you have done it before -- but describe how the alternative way was designed.

A Which alternative way?

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Q To use the Ambassador and if you could just describe what actually then ended up happening?

A What actually happened was that we got the Ambassador to come [redacted] and meet us there.

Q This is Ambassador --

A [redacted] And he came and I talked with him about what the Secretary was interested in and he said, well, the way to handle this would be for me to quietly talk to the [redacted] aid, not to [redacted] himself, and so that is the way it happened. That is what he did and then the arrangement was made that Elliot Abrams meet with this aide.

Q What was the aide's name?

A [redacted] And he met with him in London. I don't know what happened. I don't know again except they got the money, I guess. But I don't know what happened to the money.

Q That is a good question.

A I have no idea about that.

Q You don't know where the money is?

A I know nothing about that money.

Q You don't have the money?

A All I know is I haven't got it.

MR. SMILJANICH: Does anyone here have the money?

MR. EGGLESTON: We can at least eliminate who is here; right?

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BY MR. EGGLESTON:

Q Have you been -- I would assume that there would be some discussion then between the government [redacted] and our government about where the money is or that it had been received or had not been received. Have you participated in that?

A The only thing I know about that is in the cables. I haven't participcated in any discussion. I have no idea. All I know is what the cables say. I know nothing more.

Q All right. Do you know as of August of the summer of 1986 that the money was about to be re-upped for the contras, another hundred million --

A From the Congress?

Q From the Congress, yes.

A I read the papers. Other than that, I didn't know anything about it.

Q There was no discussion with Mr. Shultz about why we are doing this, Congress is allocating the money.

A If you mean did I do that, no, I did not.

Q You didn't have any discussion with the Secretary about the wisdom of this sort of solicitation.

A No, I didn't.

Q Just the mechanics of it.

A That is exactly all. As far as I knew the decision was made and as I say, I assume the decision was made by the top people in the government.

Q Did he --

A And it was.

Q Did he tell you who had been involved in the decision?

A No.

MR. EGGLESTON: I don't have anything else on this.

EXAMINATION

BY MR. BERRY:

Q I just wonder. How did you know that Abrams met with [redacted] He met sometime later.

A I don't know whether he met with [redacted] or not. Because we had arranged it in the cables that went back and forth.

Q At the time you were therein the --

A No. They were back here.

Q You came back here and then arranged it then?

A Yes.

Q So you were just aware of one meeting with Elliot?

A Yes.

Q Clearly because of cable traffic?

A Yes, you know, those things, my name, I think, is in those cables. After all, I am the guy who communicates with our ambassadors in Asia.

Q I wonder if you had talked to Elliot about that.

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A Oh, well, only in the fact of him going to London to meet with [redacted]

Q You briefed Elliot before he went to London?

A No. No, I didn't brief him. He was talking to them. There was nothing to brief in a sense. He was the one who was going to make the case. He knew all about it. I didn't know anything about that.

And since I can't make a case for or against them, other than I support the Administration policy, but I didn't know the ins and outs of it.

Q I just wonder if you briefed Elliot about the [redacted] matter?

A If I remember correctly, I don't think I briefed him. I think we had a -- we have these sheets on key officials in governments around the world. I think there was such a sheet which he looked at as I remember. We gave it to him. We have that on everybody in our region. These are put out by the agency. But they just give you a general statement about who these people are. I think there was one on [redacted] I know there was one on [redacted] We had something.

Q But that is the only contact you had with Elliot about this?

A Yes, that is correct.

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EXAMINATION

BY MR. SMILJANICH:

Q I have no question [redacted] but there was one question I forgot to ask you about [redacted] series of events. You had started off by saying that you had gone back and looked at your calendar on November 28, 1984. Could we see exactly what is in your calendar for that day?

A Yes, you can. That is no problem. You see my difficulty was that I have another meeting with [redacted] at the Cosmos Club, and that is the one I thought may have been -- what is the date of that? November 28?

Q November 28.

A 1984. But I me [redacted] occasionally -- August what?

Q November 28.

A November 28. Excuse me.

Q 1984.

A Let's see if I have the right calendar. Here it is.

This, by the way, is one calendar, I was keeping two because I kept one at the university. This is the one that has the indication right here. I obviously had a luncheon with [redacted] then you see what I have written here, [redacted]

Q [redacted]

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A [redacted]

Then I put Cosmos up here. So I think that is -- see that?

Q Right.

A That is what I have here. I was not sure about that because you see it looks confusing. You understand the confusion.

Q Thank you.

A Fine. That is fine.

EXAMINATION

BY MR. EGGLESTON:

Q I only have one other area to ask about and I just want to ask a couple questions about things that may have come up during the course of that meeting with [redacted] at lunch at the Cosmos Club.

A All right.

Q Do you - all -- I understand you are not sort of involved in this, but you are sitting here. Do you recall conversation about Canada coming up during the course of that meeting, an arms deal through Canada?

A No.

Q Anything like that?

A No.

Q Do you think --

A I don't recall that.

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Q All right.

A I can't swear it didn't, but I don't recall it.

Q You don't recall it. That is what I was going to ask you. Do you have a firm recollection?

A No, I don't. I don't have a firm recollection. As I say, the meeting was sort of diffuse as far as I could determine. It didn't hold my attention. I didn't listen and, as I say, I do believe I took off in the middle of the dinner, or lunch, rather, and went to the bathroom. But it was a very diffuse type of thing.

I have given you what I think they talked about basically. But I don't recall anything about Canada, no.

Q You don't have any recollection that some of the [redacted]

A I don't know, I have no indication of that. As far as I know, I have no recollection of that.

Q There is a man who sometimes associates with Canada; I think his name is Wittenberg or Wittenstein, I would hate to say for sure which -- did that name come up?

A No. I don't remember any names of any kind, no.

Q Do you recall any specific discussion of Calero, Adolfo Calero coming up?

A Calero's name may well have been mentioned. As Ollie talked about the whole situation, I suppose he mentioned names of people, but I don't remember specifically. In other words, that wouldn't surprise me if Calero's name had come up.

Q You knew who Calero was?

A I knew who he was. I have read about him in the newspapers.

[redacted]

A That was raised with me last time. I do not remember that. I don't recall that kind of a discussion. But, again, as I say, I wasn't there all the time. I don't think -- and again, it is possible, I assume, you know, that that probably wasn't the last meeting between Ollie and the General. I don't know whether that is right or not, but I assume they may have gone -- when I left, I left. They hung around. They were moving off in separate directions, but for all I know they may have talked another 15, 20 minutes.

I don't know.

Q You didn't keep track of the dealings that Ollie was having with [redacted]

A No, oh, no.

Q I have asked you earlier if you knew who General Singlaub was and you indicated you did. Did his name come up at all in connection with any of these operations as someone who had been out there?

A Only in the sense, as I mentioned, that [redacted] as I recall, stated, as I thought about it, [redacted] mentioned that he had been [redacted] But otherwise, no. Not to me. I don't recall Ollie ever mentioning him to me, or any of the others.

But they didn't -- remember, I didn't talk to them. I never talked to any of them, except [redacted] initially, at all. [redacted] for instance, ten minutes, I mean that was it. [redacted] it was with Ollie and he was doing all the talking.

I never said two words. They were talking and I just don't recall names at that time.

Q Okay. I don't think I have anything further, althou I will take a minute and maybe we can take a brief break and I can look over my notes.

MR. SMILJANICH: Yes, let's take a little break.

MR. EGGLESTON: Is that all right? So we can take a look at our notes. The last thing you want is for us to be back.

THE WITNESS: All right. That is all right. Ask what you want to ask. So let's take a break.

(Recess.)

MR. EGGLESTON: Back on the record.

THE WITNESS: I am very pleased to do anything I can.

MR. EGGLESTON: Let me close out the record. We thank you for cooperating with us today, Mr. Sigur. We don't have any further questions and we appreciate your talking with us.

THE WITNESS: Thank you. That is all right.

(Whereupon, at 3:40 p.m. the deposition was adjourned.)

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#S15-0043A/87

[redacted]

COPY NO. 1 OF 2 COPIES

DEPOSITION OF

MAJ. CHRISTOPHER SIMPSON

Monday, June 1, 1987

United States Senate,
Select Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition,
Washington, D.C.

The deposition of MAJ. CHRISTOPHER SIMPSON was convened, pursuant to notice, at 9:20 a.m., Ninth Floor, Hart Senate Office Building, the witness being first duly sworn by JANE W. BEACH, a Notary Public in and for the District of Columbia, and the proceedings being taken down by Stenomask by Jane W. Beach and transcribed under her direction.

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Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by D. Sirko, National Security Council

APPEARANCES:

On behalf of the Senate Select Committee:

JOHN SAXON, Esquire
United States Senate Select Committee
on Secret Military Assistance to Iran
and the Nicaraguan Opposition
901 Hart Senate Office Building
Washington, D.C. 20510

On behalf of the House Select Committee:

ROGER KREUZER, Esquire

On behalf of the United States Army:

CHARLES LAWSON, Esquire
COL. JOHN WALLACE

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PROCEEDINGS

Whereupon,

MAJ. CHRISTOPHER SIMPSON

was called as a witness by the Senate and House Select Committees and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SAXON:

Q Would you state your name for the record, please, sir?

A Christopher Simpson.

Q What is your occupation?

A I am a Finance and Accounting Officer in the United States Army.

Q What is your rank?

A Major.

Q And what is your current assignment?

A I am the Finance and Accounting Officer for Fitzsimons Medical Center in Denver, Colorado.

Q When did you assume that position?

A Late June, '86.

Q And what were you doing prior to that position?

A I was working on the Army Staff in the Office of the Deputy Chief of Staff for Logistics.

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Q And what were the dates of that assignment?

A Roughly 1 September '86--or, excuse me, 1 September '83 to late June, '86.

Q And in that assignment, what were your particular duties? I believe you told us earlier that you had both white world and black world functions.

A Yes, sir, that is correct.

Q Let me say for the record, by the way, that when I make reference to the fact that you have told us something earlier, I am having in mind that on April 14th you met with several members of the House and Senate staffs, in fact for about six hours, and we had a lengthy discussion about these matters. So when I say you have told us before, that is what I have reference to for subsequent readers of this record.

Now I believe you told us that you had both white world and black world missions in your desk log assignment.

A Yes, sir, that is correct.

[redacted]

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[redacted]

Q And you were in this position when the initial TOW missile request came for the Army to transfer TOW missiles to the CIA. Is that correct?

A Yes, sir, that is correct.

Q And you were more or less the principal individual for executing on that request at the Department of the Army? Is that a correct assessment?

A Yes, sir, that is a correct assessment.

Q What I would like to do, Maj. Simpson, rather than immediately having you walk us through the chronology, because your involvement was so extensive and this discussion is going to be rather lengthy, let me ask you a number of specific questions from the outset. Then, after we cover some of this ground, we can go back in and pick up the story in chronological order.

First, when did you first become aware that the destination for the TOW missiles was Iran?

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A When did I first become aware of it?

Q Yes.

A When I opened up The Washington Post newspaper in the City of Denver in late November 1986.

Q And is that likewise true for the HAWK repair parts?

A Yes, sir, that is true.

Q So you did not know that they were destined for Iran at the time you were working on these requirements?

A No, sir, I did not.

Q If you had known they were destined for Iran, would that have affected your executing on the requirement, or what would have been your response?

A Sir, at the very least, besides notifying the Army leadership for which I worked, my good friend, a legal counsel in the Office of the Army General Counsel, Tom Taylor, I would have gone to him and sought his advice on that matter.

In the three years that I had worked there, I had been instructed both by the leadership and by my predecessor boss, now retired, never to do anything illegal. And I would have felt that we were doing something illegal.

Q Your predecessor boss, now retired, that would be Col. Stevens?

A Col. Jeff Stevens, yes, sir.

Q What would have been your assessment in January 1986 if someone asked you what our policy was toward the shipment of arms to Iran?

A Sir, I would have flat said that I was pretty intimately familiar with it. With the U.S. Customs folks that I had worked on covert operations with, there were any number of papers in my office where they were asking for our assistance in covert operations--in fact, a snare, deadbeats that were trying to export arms to Iran--so I knew in fact it was a violation of the Arms Export Control Act.

That Act was frequently cited by the Customs Service, that so-and-so was a suspect, and that they were asking for our assistance, and the suspect was accused of violating U.S. Code umpty-ump which was in fact the Arms Export Control Act. So I was very familiar with what that means in terms of with respect to Iran.

Q That, however, would be with regard to individuals.

A That's true. But I would have attached the same interpretation to any government dealings with Iran.

Q Was the legality of meeting the TOW requirement or the HAWK repair part requirement raised, to your knowledge?

A Well, the legality of supporting of it absolutely was raised. Again, I went to Tom Taylor, a very competent counsel in the Office of the General Counsel of the Army, and we did that early on.

There were also extensive legal reviews on the support request by a number of other Army principals, including the Deputy Staff Judge Advocate and the Army General Counsel herself.

Q That would be Susan Crawford?

A Yes, sir.

Q I believe you told us previously that you were fairly familiar with and operated frequently through the Army's [redacted] Am I correct?

A Yes, sir, that is correct.

Q And am I correct in stating that the [redacted] [redacted] is the formalized system and set of procedures employed within ~~DEA~~ DA for handling sensitive transfers from the Army to other agencies, principally the CIA?

A Sir, you're correct, with one small correction. [redacted] operates down to the Army through the Department of Defense.

Q Is it safe to say that the TOW transfer and the HAWK repair parts transfer by passed [redacted]

A Yes, sir, that is correct; they did bypass the [redacted]

Q They did not go through it?

A No, sir, they did not.

Q Are you aware of any other transfers during the time you were at DCSLG from D~~L~~A DA to the CIA which bypassed [redacted]

A Sir, there were no other transfers after September of 1984 that bypassed [redacted] There were any large number of new controls implemented after September of 1984 to keep the Secretary of the Army informed on our support to the Agency. Prior to that time, there were small requests. But even prior to September of 1984, there was no support of anything that killed people that did not get the Secretary of the Army's written approval. So this was a major departure from our prior procedures, even before the extensive controls that were implemented in September of 1984.

Q Let me ask a question about pricing. As far as you know, was there any pressure put on you to low-ball on the price for either the TOWs or the HAWK repair parts? By which, I mean pressure to come up with a low price?

A No, sir, there was no pressure at all.

Q Are you aware of pressure put on anyone else within the Department of the Army to come up with a low price?

A Not within the Department of the Army, sir.

Q Are you aware of pressure that was put on people outside the Department of the Army who were involved with this transaction to come up with a low price?

A Sir, I'm aware of no pressure on a low price, but there certainly were external pressures on the Agency with regard to changing the price once we had initially established a figure to start from.

Q Okay. We will get into that a little later. Who first came up with the price on the TOWs of $3,169?

A Succinctly put, sir, that price originated from DCSLG, Department of Army.

Q By going to the AMDF, the Army Master Data File and looking up the price for a--

A --Particular stock number that matched the terminology for a basic TOW, which is what the Agency was requesting at the time.

Q And approximately when was that price arrived at?

A Sometime in late January, 1986.

Q So within the first, more or less the first week, or the first two weeks of meeting this requirement?

A Yes, sir, that is true.

Q When did you first learn that there was a price in the AMDF for a basic TOW with safety modification, a MOIC, a M-O-I-C, of $8,435?

A Sir, that was a discussion that I learned about some weeks after we got started. It emanated from the project manager TOW's office at Missile Command Headquarters.

Q Col. Lincoln?

A It was either he, or George Williams, I forget now: one of the two of the principals.

Q Did you ever see that figure of $8,435 on any of the transfer documents or shipping documents which came from Anniston Army Depot?

A No, sir, I did not. I am aware, at this late date, though, that such a price was on some documents.

Q And if I'm asking you to speculate here, just say so, but do you know what system, or process, or mechanism the people at Anniston Army Depot utilized which enabled them to come up with that figure?

A No, sir, I do not.

Q At any point in working the TOW and HAWK requirements, were you aware that they were being done pursuant to a Presidential Finding?

A Yes, sir, I was aware of that.

Q At what point did you become aware?

A Sir, I can't precisely tell you today without referring to notes and papers, but [redacted] the CIA Agency Action Officer and myself discussed that early on in support of the mission--in the early days is all I can tell you, back in January of 1986.

Q [redacted]

A over there at the CIA.

Q I believe you told us that there was fairly extensive discussion within ~~DIA~~ DA about the issue of congressional notification?

A Yes, sir, there was extensive discussion at many levels of the Army leadership.

Q At what stage did that issue arise?

A Sir, that stage arose when I went to seek advice and counsel from Mr. Tom Taylor on the legality of support of the mission in its entirety, and within a few hours of when I went to see him he brought that back down to my office, a small copy of the Congressional Intelligence Authorization Act of 1986 and said, Chris, you need to be aware of this. He said, this impacts on this particular mission.

Q In what way?

A In that he said that congressional notification is required, he said, on any shipment of arms over a million dollars. He said, this is clearly--and we had determined the price within the first couple days, so by the time we had gone to see Tom the price already was well in excess of several millions of dollars, and he said this clearly meets that requirement.

He offered to do the notification for us to establish points of contact in the Congress. At that point, I went to see General Russo for guidance and counsel. He brought Tom Taylor down to discuss it extensively with him. Within a short number of days, Tom Taylor brought back to us a paper that Mrs. Crawford, the Army General Counsel, had given to the Secretary of the Army to advise him that she felt that notification was a legal requirement.

Gen. Russo then asked me to take that paper down to Maj. Gen. Sutter, who at the time was the Army's Deputy Principal Lawyer, the Assistant Staff Judge Advocate General. After Gen. Sutter looked at it, I also was asked to take it to Gen. Brown, the Director of the Army Staff. And later I know that it also went to Gen. Cavezza, the Aid to the Secretary of the Army.

I also know that a meeting later was held with Gen. Russo and other Army principals where they discussed notification at length at the most senior levels of the Army.

Later I was involved at the end of the notification issue when it was surfaced to Gen. Powell, at the time, Maj. Gen. Powell, the Aid to the Secretary of Defense. In a memorandum that I was asked to type, which I kept Gen. Russo's handwritten notes from the meeting of his meeting with Gen. Powell that day, Gen. Powell was asking Gen. Russo to reassure the Secretary of the Army that notification was being handled at the level higher than an outside-of-Department-of-Army, and that it had been addressed, and it was taken care of.

Q Major, if I understand your testimony, you are saying then that from the earliest days the issue of congressional notification was flagged; that Secretary Marsh weighed in on it; Gen. Brown, the Director of the Army Staff, Gen. Russo, the Army General Counsel, and that on at least one, if not more, occasions one or more of these individuals communicated directly to Gen. Collin Powell, Secretary Weinberger's Military Assistant, to see that the issue of congressional notification was identified and examined by appropriate authorities above the D~~O~~A level. Is that correct?

A Yes, sir, that is correct. In fact, there was great concern at the Army level about the notification issue. In addition, I took a copy of the Intelligence Authorization Act to my counterpart in the Agency, and he also from his end reassured me that the Agency was executing its legal responsibilities with respect to notification.

MR. KREUZER: You said something about Gen. Powell was asking Gen. Russo to reassure the Secretary of Defense that--

THE WITNESS: No, the Secretary of Army.

MR. KREUZER: Or the Secretary of Army, that notification was being made?

THE WITNESS: Was being handled, sir.

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MR. KREUZER: Was being handled.

THE WITNESS: That the issue had been addressed, and was being taken care of.

MR. KREUZER: I see. And so did he in fact, did Gen. Powell in fact do that, do you know?

THE WITNESS: Sir, the memo that I typed for Gen. Russo, which was from his handwritten notes, made no mention of the fact that DoD was going to do a notification; only that Gen. Powell for the SECDEF wanted Mr. Marsh reassured that the issue had been addressed at DoD level.

BY MR. SAXON: (Resuming)

Q To your knowledge, Maj. Simpson, were you ever told, or was anyone at the DA level every told, that this issue had been handled in a manner of informing the Congress, that it resulted in--

A Was I ever told by anybody at the DA level?

Q Yes.

A No, sir, I was not.

Q Were you ever made aware of the requirement on the TOW missiles being handled in order to replenish Israeli TOW stocks which had gone to Iran in late '85?

A No, sir, I was not. I became aware of that from reading the public papers much after November of '86.

Q Did you yourself ever at any time deal with the Israelis?

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A No, sir, I did not myself deal with them. I do know that my boss-now-retired Jeff Stevens had had occasion on a number of different matters to deal with the Israeli Government.

Q But as far as you know, matters unrelated to those before this Committee?

A Yes, sir.

Q Did you ever have any contact on these matters with Noel Koch, K-o-c-h?

A No, sir. That name isn't familiar to me.

Q Did you ever have any dealings on these matters with Glen Rudd, the Deputy Director of the Defense Security Agency?

A No, sir, I did not.

Q Did you ever have any dealings on these matters with Dr. Henry Gafney, the Director of Planning for DSAA?

A No, sir, I did not.

Q Are you aware that under foreign military sales, FMS sales, the cheapest the United States had ever sold a basic TOW missile for was $6800?

A No, sir, I wasn't aware of the specific details, but I am generally familiar with FMS pricing policy.

Q Let me ask you a question or two about the checks which the Army received from the CIA as reimbursement, or payment for these weapons systems which were transferred.

What do you recall the amounts being for those checks?

A Sir, as I recall, the sum of money was about $5.5 million. As I recall, I received from the [redacted] CIA, six checks, five of them which came out to $999,999.

Q Did you ever ask why the checks were cut in that amount?

A Yes, because again I was keeping in mind the advice I had had from the earliest days, to keep the paperwork to an absolute minimum. I was concerned about the audit trail of six checks, as opposed to one. And [redacted] explained to me that there were computer problems and that they could only program a check up to a certain amount.

Q Did he explain that there might be a reason for them only to program a check up to one penny short of a million dollars--

A No, sir, they didn't.

Q --because if they exceeded a million, they would have to notify Congress?

A No, sir, they did not.

Q Did--

A Again, if I had heard that I would have been especially sensitive to it, because the checks were coming in at the end of the mission where we had had so much concern about notification at the beginning. Had that issue surfaced in the end, I would have again immediately gotten back to General Counsel and asked for some guidance and reaction.

Q Did [redacted] at the CIA, ever tell you that he had been at the White House for a meeting on January 18th with Admiral Poindexter, Col. North, Clair George, and Stanley Sporkin, the General Counsel of the CIA?

A Sir, he never told me that, although [redacted] and I have spoken before, and I knew he was dealing with principals over there, but I did not know any of the names.

Q Did he ever tell you that his point of contact at the White House or the NSC was Col. Oliver North?

A No, sir, he did not.

Q Were you aware that [redacted] told Gen. Russo that the price of $6000 per TOW, which apparently Gen. Russo had provided him as a working figure early on, was too high?

A Was I ever aware that he told him that it was too high? No, sir, I wasn't.

Q Were you aware that Col. North told [redacted] that $6000 per TOW was too much?

A No, sir, I did not. I do feel there's an answer I could provide here that might clarify matters for you.

Q Sure.

A I do believe that when Gen. Register, the Army Deputy Chief of Staff for Logistics, talked to me the first day that he had the thought that the price would be higher than it turned out to be for a basic TOW. And the numbers that he had provided to me, which was around $4000, once we had communicated that lower price to the Agency in the early days of the mission, then the number went up very quickly in terms of the number of missiles that they were asking for. And I think that has a bearing here.

Q Okay. Did Gen. Russo ever tell you that [redacted] [redacted] had told him to find the oldest TOWs that existed in the Army warehouses?

A Sir, I'm not sure about that. That might be true. I'd have to go back. I've kept an awful lot of detailed notes on this mission. I'd have to go back and study those to provide you a better answer.

Q Did [redacted] ever tell you that Col. North had checked with the Marines on TOW prices?

A No, sir, he did not.

Q Did [redacted] ever tell you that [redacted] told him to avoid the [redacted]

A Yes, sir, he did. That was very much a concern, again, from the first time I spoke to [redacted] [redacted] because he knew [redacted] and I from prior extensive dealings with each other and knew well what the rules were on our support to the Agency. That was almost the first five minutes of our discussion the first day we met, was not to deal with any of the people in the [redacted]

Q And it was specifically addressed by name as the [redacted]

A Yes. [redacted] knew well what that was.

Q Do you have any knowledge that Gen. Russo dropped the price from $6000 per TOW to $3400 per TOW on the first day that [redacted] was involved because of a call Gen. Russo received from [redacted]

A Sir, I would have to say that has to be absolutely untrue, because in fact Gen. Russo was out of town when this mission got started, and I already had provided the basic price of $3169 to Gen. Register. Gen. Russo didn't pick up the mission for several days, and it wasn't until a couple of weeks after that that I surfaced to him from the bottom up the fact that we needed to add $300 more to the price, bringing it up to about $3469.

Q The requirement for that was due to the safety modifications?

A Yes, which were surfaced to me from MICOM headquarters. So it was absolutely a matter of the field surfacing to the Army leadership, and not vice versa.

Q Let me ask a question or two about the readiness impact of meeting the TOW requirement--excuse me, the HAWK repair parts requirement.

A Okay, we're on HAWKs, now, sir?

Q Yes. Did you ever tell [redacted] of your concern about the readiness impact of providing all 234 items requested for the HAWK repair parts?

A Yes, sir, I did.

Q And what was his response?

A His response was that that was what they needed. But, sir, that again is not such a simple matter. Gen. Russo and I personally chopped the list down. Using the vernacular, that means we reduced the number of critical items that would have an impact on Army readiness.

I would point out, and it is of concern, that the principal number of items that the Agency was asking for on HAWKs were of an older model called Pre-Phase II PIP configured radars. [redacted]

Q If I understand what you're saying, you and Gen. Russo were concerned about the readiness impact on certain parts, and sought to not meet the requirement as to a certain number of parts. Is that correct?

A Yes, sir, that is correct.

Q And in fact did [redacted] reinstate those parts and say in essence that you would have to provide them anyway?

A Sir, there was give-and-take on that. The numbers that I had chopped down for him on some that he came back, there was a critical question that Gen. Russo asked me to ask [redacted] early on. Early on, the question that I was to ask him was, were they just buying these items to put on the shelf? Or were they buying these parts to replace damaged equipment?

The answer that came back from [redacted] several days later was that they were buying the parts to replace damaged equipment. And that, then, affected the Army assessment of whether or not to support. Even after that, though--and you and I had extensive discussions on this in April--the technicians assisting us in assessing Army capability to support this project felt that some of the numbers were wrong. That is, that some of the parts that they had requested would have been supporting about, as I recall, [redacted] and some of the repair parts, some of the technicians felt, would have supported a number far in excess of that.

So again, it was a complex matter, and there was give-and-take on the list as we reduced the items they were asking for, sometimes just because they didn't make sense. And other items were we could not afford to give them all that they asked for.

Q But while there was some give-and-take, were there any items that you and Gen. Russo would have preferred not to transfer to the CIA which [redacted] insisted you transfer?

A Yes, sir, there were a small number of items that we in fact gave them slightly more than we had originally chopped the list down on.

Q And how many would you say that would be?

A To my best recollection, and again I've got my notes on it, there were probably about 6 items out of that whole list of 234 that we gave them more than we intended, after reviewing the criticality of the items.

Q And those would have been items which you would have preferred not to surrender due to the readiness impact?

A Yes, sir. And it might not necessarily have been the readiness impact on U.S. forces, but the readiness impact on some of our FMS customers where they owned these older systems and might be coming in. I would also mention, I think it is important here, that we offered, and it was a more sensible alternative offered by the U.S. Army Missile Command, to in fact bring the [redacted] systems back to the Army's overhaul facility. We felt that it would not only be cheaper, but much easier to resupply and maintain in the future to modernize the [redacted] systems to something we called Post-Phase II PIP configured, which would then have made it easier for them to both maintain and operate the systems in the future.

They would have also had a better capability, a state-of-the-art capability.

Q We will talk about that in more detail later. For now, that was not done, even though the Army suggested it?

A That was not done. The offer was not--yes, sir.

Q The offer was not taken up by the Agency.

A Was declined. The offer was declined by the Agency.

Q Were you ever told by anyone that the decision to delete the radars, the two [redacted] radars, was made by the White House?

A Was I ever told the decision was made by the White House? No, sir. That was a twisted and sordid affair, as you may recall from our prior testimony. I had done a great deal of work for [redacted] in finding out the availability. As you recall, I had told you that [redacted]

It turned out they were property of the Iranian Government, and that I had told [redacted] that both the Treasury, the White House, and the State Department, as well as the Defense Department, and a number of agencies, all needed to be involved in the release of that equipment. He was very concerned that I had gone and done this work, although he had vigorously told me to go ahead and ask to procure them.

In fact, it was his boss, [redacted] that called my boss, Gen. Russo, to complain about the fact that we were "making noises" so to speak, about the items, and asked us to cease and desist immediately.

And of course, hypocritically, they turned around on that just a couple of weeks later and asked us to go and inspect them for readiness capability; and in fact provided funds to do that. But I never did hear an answer--a short question with a long answer--I never heard the White House mentioned as the activity that asked us to back off.

Q And just for the record, you were never told that Col. North himself made the decision to delete the radars?

A No, sir, I did not.

Q All right. That completes what I would want to run through as sort of some overview, or sort of bottom-line questions.

Roger, do you have anything in that category before we start to another one?

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. KREUZER:

Q The discussions that you had with Gen. Russo, you went to the AMDF. You found the first price of $3169, and you conveyed that information to Gen. Russo?

A Yes, sir, that is correct.

Q And he said, okay, in essence?

A Well, by the time Gen. Russo got involved, we had already established the price and given it to Gen. Register, his boss. Gen. Russo was picking up the mission several days later. That was already something that had already--that event had already passed by the time Gen. Russo took over.

Q So then later there was a question of the MOIC device?

A Yes, sir, several weeks later.

Q And you had to go back with it to Russo the next time--

A Yes, sir.

Q --since he had taken over, and say we have to adjust this price to $3469--

A Yes, sir.

Q --because of the MOIC. And what did he say then?

A Gen. Russo wanted to know what in the hell a MOIC was. Neither one of us knew what it was at the time. We had to have a detailed technical explanation provided of exactly what this small electrical apparatus was going to do.

Q So ultimately once the discussions took place and he learned about what the MOIC was, did he say, okay, in essence, this is all right?

A Well, of course he did. The objective was that we had to go back to the Agency to tell them that additional funding was required which, as you may recall, caused a lot of consternation at the time.

Q And that was not the only time, I guess.

Q That's true. That wasn't the only time that we changed the price on them, based again on information being fed from the field up to the leadership.

Q Now was there some--were you aware of some discussion between the people at, let's see, who was it, Col. Lincoln or Mr. Chris Leachman, and Gen. Russo about $3469 being too low a price? Are you aware of any discussions they had with them, or arguments?

A Sir, I don't recall that Col. Lincoln or Chris Leachman ever talked with Gen. Russo. They did speak with me, and one of the generals at Missile Command did speak with Gen. Russo; but the discussions on pricing that Mr. Leachman and Col. Lincoln had were always with me. I don't think either one of those, Chris Leachman or Col. Lincoln ever talked to Gen. Russo about prices, not to my knowledge.

Q Are you aware of the discussions that Col. Russo did have with Lincoln and Leachman's boss, the General?

A Sir, I was generally aware I think that Gen. Russo generally had a discussion with the Deputy Commanding General at Missile Command, and I am generally aware of what the outcome of that discussion was.

The outcome was that there had been a lot of technical discussions on the whys and wherefores of different years and different prices of different shipments, and Gen. Russo said he did not want the bureaucracy to run the risk of damaging the mission, and he was going to leave the prices as set.

Q So did you hear of what price the General at Missile Command was advancing to Gen. Russo? Did you have any knowledge of that?

A I know it was one of the higher prices, but not specifically the details.

Q And Gen. Russo said in essence, it is $3469?

A Roger. By that time we had already gone through several other iterations on changings in price, and Army ancillary costs. I think Gen. Russo was a little bit concerned about changing truth, and just kind of said let's leave it be and let's go with what we have now.

MR. KREUZER: Okay. Thank you.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE--Resumed

BY MR. SAXON: (Resuming)

Q All right, Major, I think it may be helpful from the outset to have you elaborate a bit on something I asked you about previously, which we will spend a good of time discussing, and that is the Army's [redacted]

Why don't you tell us a bit about the [redacted] et cetera.

Off the record a minute.

[Discussion off the record.]

BY MR. SAXON: (Resuming)

Q Back on the record.

A Sir, just briefly, and if I get too elaborative, just cut me off, not knowing where you need the-- [redacted] the result of Secretary of the Army's concerns that there were a large number of classified programs and activities going on in the Army over which he did not have full visibility. Some of these concerns were accentuated by the fact that there had been a Department of Justice investigation of some ODCSOP, Office of the Deputy Chief of Staff for Operations.

Q Would that have included what we have come to know as "Yellow Fruit"?

A Yes, sir. As a result of the outcome of the investigation, several Army colonels were received in ODCSOP, and the Secretary did not feel he had as full visibility as he should over some of the details of the classified operations. [redacted]

Q [redacted]

A Yes, sir, that is correct. [redacted]

Q You said it was "the" [redacted] for handling transfers to the CIA, and requests from the CIA. In your judgment, would it have been the only, or the [redacted] for such requests?

A Sir, it was the exclusive office [redacted]

Q Were you there at the time it was created?

A Yes, sir, I was.

Q And you had dealt with that office?

A Extensively, on a daily basis for almost [redacted] [redacted] by the time we got to September--or by the time we got, excuse me, to January 1986.

Q And to make sure I understand what you testified to earlier this morning, I believe you told us in the interview in April that there were a few instances in which transfers to other agencies would go outside of the [redacted]

A Yes, sir. As a matter of fact, with respect to my white world job, I think I want to separate my dealings with the [redacted] exclusively concerned my black world job. And although I worked on other covert activities, there were other established DoD and DA channels for receiving these support requests, and I in no way interfaced with the [redacted] on those activities.

Q So it is perhaps possible that transfers to other agencies went [redacted]-excuse me, that transfers went from DA to other agencies without going [redacted] But as far as you know, no black world or covert transfers took place to the CIA outside [redacted] Is that correct?

A No, sir. [redacted] [redacted] I think it is also important--I would like to elaborate just very shortly--to say that on the requests where we did provide Army material to other agencies [redacted] they were always done with Army General Counsel's written support, and always with a written approval of the Secretary of the Army.

Q And you did not follow those procedures in this case? Is that correct?

A No, sir. The procedures involved in supporting the TOW missiles and the HAWK parts went outside all of these established channels.

Q And at the time the TOW requirement was imposed on DA, who was the head [redacted]

A Sir, [redacted] was the head.

Q Roughly, when did he depart?

A Sir, to the best of my knowledge, he left just about the time I did in the early spring of 1986.

Q And who was his replacement?

A A gentleman, I can't remember his name.

Q Would that be [redacted]

A Yes, sir.

Q If you would, start at the beginning of your involvement with and knowledge of the TOW missile requirement, wherever that would have been, in January. And if you would, simply walk us through what happened, how you found out, who called you, and who said what, what you did, et cetera.

A Sir, my involvement began on a Saturday morning in late January. I believe it was around the 20th of January. Col. Lapasota, who was the Executive Officer to the Army Deputy Chief of Staff for Logistics, Gen. Register--

Q And that would be Gen. Benjamin Register?

A Gen. Benjamin Register, yes, sir.

Q And spell Lapasota.

A L-a-p-a-s-o-t-a. He is now Gen. Lapasota. He is now Chief of Planning and Operations in the Office of the Deputy Chief of Staff for Logistics.

Q Excuse me. You said Colonel?

A Col. Lapasota, then, is now Gen. Lapasota, and he is now the Chief of Plans and Operations for ODCSLG.

Q And he called you?

A He called me at the behest of Gen. Register. He said Gen. Register is in his office, and he would like you to leave your house immediately and come directly into the office to see him.

I immediately went into the office. I got there about 30 minutes later. Col. Lapasota did not know why Gen. Register wanted to see me, except that the DCSLG office was activated, and Col. Lapasota was acting as the support officer, which was his normal role.

I went in to see Gen. Register with the doors closed. [redacted]

Q Let me ask, for the record, while there are a lot of things you told us in April were unusual about the TOW and HAWK missile request, I believe you also told us that it was not unusual for you as an Army Major to be dealing with the Deputy Chief of Staff for Logistics, or other senior people at DCSLG. Is that correct?

A Yes, sir, that is correct. I dealt with Gen. Russo daily, and I saw Gen. Register frequently.

Q Okay. Continue.

A Gen. Register said that that morning [redacted] Gen. Register told both of us that that morning he had received from Gen. Thurmond--

Q And that would be Gen. Maxwell Thurmond?

A Maxwell Thurmond, the Army Vice Chief of Staff, had received from him a priority requirement to assess Army capability to provide about 4000 TOWs to the CIA on very short notice. At the time, it was within just a couple of days.

The requirement was so urgent that Col. Lapasota, although he knew nothing about my mission, had been instructed to have a plane on standby down at the field down at Ft. Belvoir to take me any place I might need to go in support of this mission. There was some thought on Saturday I might need to go down to Army Missile Command Headquarters to expedite support of the mission.

Q And where is Army Missile Support?

A That is at Redstone Arsenal, Alabama.

Q And that is also referred to as MICOM?

A Yes, sir. MICOM is the common abbreviation for Missile Command.

Q All right. Continue.

A The requirement, as Gen. Register conveyed it to me, was again to provide about 4000 basic vanilla TOWs. A vanilla TOW, for the record, is an old model of an Army tactically operated optical wire-guided missile, which is a missile at that time that had a range of about 3000 meters and was kind of a "tank killer" as it were.

Gen. Russo said, I am going to wait in my office. He says, do you have any points of contact at MICOM? I had said, yes, I knew Col. Lincoln from a previous mission that I had worked on, who was the Chief of the Army's TOW Project Management Office, the office responsible for dealing with contractors' design and development of missiles.

I called Col. Lincoln. I got in touch with him on Saturday.

Q Now before you go into your discussion with Col. Lincoln, let me back you up a moment and ask you what the specific guidance was that you received from Gen. Register in terms of how this transaction should be handled, who should you tell, what kind of notes, et cetera?

A The guidance I got from Gen. Register was one that the entire DoD staff that was involved in this was a very tiny handful of people; that it was as sensitive a mission as I had ever worked on; that I was to keep paperwork to an absolute minimum; and to keep the number of people I involved to an absolute minimum necessary to accomplish the mission.

Q Were you asked if in fact it would be possible for you to deal with a single individual at Redstone?

A I believe that I was, sir. And although we thought that was initially capable, it turned out not to be true as time went on.

Q And were you shown any requests in writing from the CIA, on CIA letterhead, as you would have normally had for one of your requests?

A No, sir. As a matter of fact, Gen. Register said a major departure from our normal procedure would be that there would be no staffing paperwork on this mission. Rather, that I would deal with the same principals that I deal with to get a mission approved; but I would do all of it by verbal coordination.

Q Did Gen. Register say from whom Gen. Thurmond got this requirement?

A Not at that time, sir; but I understood clearly later on that it came down from the Office of the Secretary of Defense.

Q At what point do you think you would have been told that?

A Oh, about the time we started to discuss the pricing issue. I was very well aware, as we started to discuss the pricing issue, that those decisions and requirements were coming from the Office of the Secretary of Defense, and I knew that Gen. Powell was acting for Mr. Weinberger.

Q Correct me if I approach something like putting words in your mouth, but is it safe to say that while this request was unusual in many regards, that from the outset there was no doubt about its legitimacy or that it was passed on by appropriate Army individuals at the highest levels?

A Sir, there was never any doubt in my mind. I was dealing with people who I had heard their names frequently, and the people within the Army I was dealing with I had dealt with extensively for 2-1/2 years by this time, so there were no surprises, no new faces, and I certainly attached legitimacy to the mission because of that.

Q Tell us then about your conversation that first

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day with Col. James Lincoln at MICOM.

A Sir, Col. Lincoln, who I will just refer to after this as the TOW Project Manager, the TOW PM, said that that was an unusual thing, because here I have Gen. Register the DCSLG of the Army waiting in his office for me to see whether or not we can provide about 4000 TOWs on very short notice, as early as within three days. For the record, this was a very, very short window to make such a major assessment of support capability.

Col. Lincoln said he would go into his office. He said he would have to do this strictly from a records' review; that it was almost impossible otherwise than that to assess it in such a short time. But he went into his office. I provided to him a stock number for the basic vanilla TOW.

Q And where did you get that stock number?

A I got that from a fellow in the DSLG missile office who was working with me that Saturday.

Q That would be a civilian named John Hill?

A Yes, sir, that is correct. And it was from that stock number that we determined the price, which we also gave to Col. Lincoln.

Q I believe you told us that Mr. Hill was called in by Gen. Register to do a check of existing inventories to see whether--

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A Worldwide.

Q --the need could be met.

A Yes, sir.

Q And to provide you with specific stock numbers for the basic vanilla TOWs. Is that correct?

A Yes, sir, that is correct.

Q But that is more or less the extent of Mr. Hill's involvement?

A That was his only involvement with me, sir, after that.

Q Okay. So you gave the stock number for the vanilla TOW to Col. Lincoln?

A Yes, sir; that is correct.

Q And then what happened?

A He called me back sometime after lunch, I would suspect before 2:00 o'clock as I recall, and said, Chris, it looks like we can do that. He said, I want to get my regular folks in here on Monday morning, he said, but he said, it looks like we can do it. He said, it looks like I've got enough stocks.

He had told me, at that time, that he thought they were down at Anniston Army Depot, a depot several hours distant from Anniston.

Q Anniston Army Depot is within Alabama, and Redstone--

[Simultaneous question and answer.]

A --in Alabama, and Anniston Army Depot, for the record, belongs to Missile Command Headquarters. It is one of their subordinate activities.

I went up and Gen. Register, who was still waiting in his office--it was my understanding he was waiting to give the answer back to the Army leadership at that time.

Q At that point when Col. Lincoln first got back to you to say he thought the requirement could be met, you did not know that the shipments were to be split into the three orders? Is that correct?

A That is absolutely correct, sir.

Q Nor did you have any reason at that stage to know that a safety modification, or MOIC, would be needed? Is that correct?

A No, sir.

Q Okay. Continue.

A Once I had told Gen. Register what Col. Lincoln had advised me concerning, Gen. Register gave me a beeper and asked me to stay very close hold the rest of the weekend. He had Col. Lapasota have the plane on standby, which also was to remain throughout the weekend, and asked me, should I leave the house at any time, to let him know.

There were no more events that weekend. We picked up the mission on Monday when two things happened, both on

Monday morning. One was that a [redacted] [redacted] from the CIA called me on the phone and asked me if he could come over and visit me in my office.

Q Had you ever had any dealings with him prior?

A Yes, sir. I had had some extensive dealings with [redacted] in the past. [redacted] I knew him well. He came over to see me, told me he was the Agency action officer for the project on which I had been briefed on the weekend, and he knew all of the details concerning what I had worked for Gen. Register on on Saturday. And again, based on my normal dealings with the Agency, I then fully understood that he was the main participant.

Q At that point, did this operation have a code name, or a nickname?

A It didn't then, but I developed one very shortly for it.

Q And that was what?

A I developed it and called it "Project Snowball."

Q Was there any particular reason why you gave it that name?

A To tell you the truth, I looked out the window and it was snowing the day we gave it the name. I wanted something very innocuous that would not attract attention.

Q For the record, when we get to the HAWK repair part condition, did you also provide that its name?

A Yes, sir, I did.

Q What was that name?

A I provided the project a name called "Crocus."

Q And why did you name it that?

A Because at the time when I looked out the window, there were crocuses blooming. I know that's very amusing, but--

Q Okay, to go back to your discussions with [redacted] [redacted] continue.

A Sir, that morning [redacted] at that time alerted me that the first shipment could be as early as just a few days from that, and asked me that day to work on weights and cubes for a variety of different aircraft, including a Boeing Commercial 707, an Air Force C-140, and a number of other civilian and military aircraft. There were about five all together, as I recall.

The environment became very dynamic at that point. He also wanted me to determine the capability of the runway down at Anniston to support these different type of aircraft. That particular factor we learned very quickly could not support some of the bigger aircraft, and within a very short time we had decided that if we were going to do any outloading of missiles, we would do it out of the Redstone Airfield, which was big enough to accommodate all of the different variety of aircraft.

Q All right. We will be told by you later, I assume, that these missiles were not actually airlifted, but in fact went by truck. But we so understand now, in the beginning the plan was for them to be airlifted out of Anniston Army Depot? Is that correct?

A Yes, sir, that is correct.

Q Then you promptly ascertained that, given the type of aircraft the CIA contemplated, that would not be possible?

A Not for all of the types of aircraft; that is correct, sir.

Q And so at a later date, and perhaps we will get into it further in the chronology, but at a later date the decision was made that these would be transported to Redstone from which the airlift would take place?

A Yes, sir; that is correct. Also, on my first day with [redacted] because we had dealt before on issues and he always knew that we priced things for him, he wanted to know what it was going to cost.

He and I compared notes that morning on what--since this was the first time that I had received a support request without a piece of paper specifically discussing the details of it--I was just doing the basic thing that any good action officer would do, which was comparing the stock number that I had and the terminology out of the Army Master Data File, and I said [redacted] is this what you want? I said, this is what I got from the DCSLG on Saturday morning, and we ascertained that same day that, yes, that was what he wanted.

So after that particular discussion was done, I have now called back Col. Lincoln to work on weights and cubes and airfield problems. Gen. Russo calls me up and said, Chris, he said, I've been talking to Gen. Register about you. He said, why don't you tell me all about this project.

Q This is Gen. Vincent Russo?

A Yes, sir, the Army Assistant Deputy Chief of Staff for Logistics.

Q And at this point, this is his first involvement? Is that right?

A Yes, sir. He had been away on a TDY trip when this mission got started. For the record, it was normally he that I dealt with day to day on these kinds of missions.

Q And it was in his absence that you--

A Dealt with Gen. Register, which was the exception rather than the rule.

Q Okay, what did you and Gen. Russo discuss?

A Gen. Russo gave me a dump of what Gen. Register had told him had transpired from Gen. Register's end. Then

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Gen. Register says, Chris, could you tell me about what you have been working on? So I brought him up to date both on my discussions that weekend with Col. Lincoln, as well as my discussions earlier that same morning with [redacted]

I told Gen. Russo then that I had unresolved business to go work on. That is, to get the weights and cubes done on these various types of aircraft. Also, that particular morning I got back to [redacted] and asked him if he wanted me to work with the FAA in getting them clearances for a contract airplane, and he declined that offer that morning, but said he would reserve the right to do that later.

Q Before we go further, let me clarify for the record or make clear what would have been your normal process in handling a requirement such as this. Now we've established that it did not go through the [redacted] [redacted] If it had gone through the [redacted] who were some of the individuals you would have dealt with?

A Off the record?

MR. SAXON: Yes.

[Discussion off the record.]

BY MR. SAXON: (Resuming)

Q Okay.

A [redacted]

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[redacted]

I had several principals--I will keep their names office the record--that I dealt with. They had a singular requirement that any request to us had to be in writing. One of their principals signed that request. It then went to [redacted] They were then passed on to the Army [redacted] and either [redacted] would then call me to come down and get them.

[redacted] would not even give us a request if he felt that it wasn't proper for the Army to support, but he was exercising oversight for the Secretary of the Army in that regard. Briefly, before I got a request that killed people to work on, those requests had gone up to be personally reviewed by the Vice Chief of Staff of the Army, and the Vice Chief of Staff of the Army would give [redacted] guidance as to whether the memo was to go to the

Secretary for signature, which required also Chief of Staff review, or whether it was to go to the Under Secretary and required a Vice Chief of Staff review.

That was called a "concept approval." So when [redacted] gave me an agency request to work on that involved things that killed people, it already had something called an Army Leadership Concept Approval.

Once I had worked on a request of this particular sort, a whole host of folks got involved routinely in helping me staff the action. One of them was the Office of the Director, Military Support, DCSOP, and that is abbreviated DOMS, D-O-M-S. That again stands for the office of the Director, Military Support.

They looked at this issue for readiness. There were a number of cleared individuals down there that looked at this for its impact on readiness. If they would not give us a chop, that would normally stop the action right there.

Q Did that ever happen?

A There had been a number of times where readiness became an issue and affected how we supported an Army mission. Generally, I might add, that via classified telephone, if the Agency was contemplating anything big, that they felt, and they were pretty well experts at this, if they felt there was a tendency for a mission to have an impact on Army readiness, they would scope it out by

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classified telephone first.

Q So you're saying before a written request came over, someone in I guess IDSB would call you, say here's what we're thinking about, and in fact you would not only tell them what the preliminary action was that you had, but you would check stock numbers, availability, price, et cetera?

A Yes, sir, that was routine. Normally, if we told them it was going to have a negative impact on Army readiness, they would back off. That would normally at the Agency site kill an action before it ever got here.

[redacted]

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[redacted]

Q And were these for routine kinds of items? Or did you ever use this process to handle fairly sensitive matters, or sensitive transfers?

[redacted] So I guess the answer is, yes, that we had used this sort of system on other occasions to support urgent requirements. Some of those enforcement agencies have frequently asked us for same-day support. So we were used to not being bureaucratic. We were used to being fast and efficient.

Q In the roughly three years previous that you had spent in this job, [redacted] been asked by the CIA for a TOW missile, prior to this requirement?

A No, sir, [redacted]

Q Now I interrupted. If you would, go back and continue where you were in the chronology. You had talked with [redacted] on Monday morning. You had spoken to Gen. Russo. Where are we?

A Yes, sir. We diffused slightly when you asked me to go through for the record our normal staffing procedure. We are now back to the Monday morning after the second day.

I'm now working with MICOM in getting details on weights and cubes ready for [redacted] at the Agency. I'm keeping Gen. Russo informed on a daily basis. The requirement that Monday was to support an upload of 1000 missiles as early as the coming Saturday, the 29th of January.

That changed at the last minute. Although we had MAC support--this is, for the record, Military Airlift

Command, abbreviated MAC, we had MAC support lined up for that Saturday and we dropped it at the last minute, causing some consternation.

Q Now when you first got with Mr. Hill and got the stock number and model numbers, you looked up the price yourself, I believe, in the Army Master Data File. Is that correct?

A As a matter of fact, that's correct.

Q For the record, now, why don't you take a moment and tell us about the MDF, what is it, how is it used, et cetera.

A Briefly, the Army Master Data File is a compendium updated monthly with prices and national stock numbers of items in the Army's wholesale supply inventory.

Q Without the pictures, is it more or less the Army's Sears Roebuck Catalog?

A That is correct. It is a numerical catalog published on microfilm, and it comes out monthly. Briefly, it gives you the formal nomenclature of an item in abbreviated form, as well as some other codes to assist you in ordering the item.

It is important, for the record, that the price that is published in the MDF is normally not a price that the manufacturer charges the Army, but it's something called a "standard price" which some Army folks at the Army catalog data activity sit down and come up with this price based on last contract price, and other Army ancillary costs. So it is designed to allow the Army supply system to operate not at a loss.

Q And does it list items according to their last seven numbers of the item's full stock number?

A Yes. That is important. The items that are in there are listed based on a catalog number assigned. I think in regards it has interest to this particular hearing and committee. The items that are in there are not in any particular sequence. That is, you won't find eight different models of one item together in catalog data activity because as years and months go by, the next available number off the register is assigned to the next new item.

Q They are then in chronological sequence? Is that correct?

A Well, you wouldn't be able to tell that, though, because when you look up an item, when you look up the last seven numbers, the NINN, it's called the NINN portion of the stock number, N-I-N-N, the National Inventory Identification Number, and that is the only number that is in sequence.

Q Just so this is clear. If I wanted to look up a TOW missile, I don't have in my hand a catalog, a hard-copy catalog and turn to page 12 and find 5, or 8, or 10 TOW missiles listed according to the variation of the TOW and out to the side, the price? Is that correct?

A That is correct, sir.

Q Now that data is in the MDF, but it's on microfiche. Is that correct?

A That is correct, sir.

Q And it's about 40 pages on microfiche?

A That is also correct, 40 microfiche pages with literally thousands of individual pages of detail on the MDF.

Q And as you've indicated, they're not listed in sequence according to groupings of the items, so I would have to go throughout the many pages of the MDF to find all of the TOW missiles listed and all of their prices. Is that correct?

A Yes, sir. But it would be literally impossible for you to do that without knowing the stock numbers. You would have to know the last seven digits of the stock numbers of other TOW missile models to find them.

Q Now how would someone like Mr. Hill have known to find the last seven digits of a basic TOW, or a 71 Alpha?

A Well, to start with, John had some documents that listed a model number and a stock number for a basic vanilla TOW. He also had some stock numbers and models for other, more advanced items, but that wasn't what we were asking for.

John's only question that Saturday morning was, did I want one that worked, or did I want a training round?

Q And what did you say?

A John, I said, I want one that works. And he said, you mean you're going to shoot it at something and you want to penetrate something? And I said, that is correct. So he did not then work on a training round for me, which he told me had another, different stock number.

That was kind of the scenario that took place as John Hill and I worked out the stock number. We are still only up now to the second day of this event.

Q Just for the record, when Hill gave you the stock and model numbers and you looked up the price in the MDF, just so we have this at this point for the record, what was the price as you found it in the MDF for the basic TOW?

A It was $3179.

Q And as far as you know, until we complicate things further in the chronology, that was the correct price for what you thought was the requirement? That is, it was a basic vanilla TOW?

A Yes, sir. Although the MDF does not use the words "basic vanilla TOW." In fact, Guided Attack Missile is the nonabbreviated nomenclature.

Q One more background item for the record. You told

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us earlier about [redacted]

A [redacted]

Q Within the CIA, which you have dealt with. I believe you told us in April when we interviewed you that in fact you had been instructed by the CIA only to deal with [redacted] Is that correct?

A That is correct, even to the point where they wanted to have a direct call in to the Office of the Director of Logistics, CIA, should one of their agencies or subordinate departments try to get in contact with the Army for support without going through that office.

Q Did you ever deviate from their instructions to deal exclusively with [redacted]

A Yes, as a matter of fact I think it is important for the record that on this particular case of supporting TOW missiles and HAWK parts that at the beginning, in addition to avoiding the Army [redacted] from the DoD end, I was also asked to avoid dealing with my usual CIA counterparts.

This also became urgent later on when I needed some document numbers for some supply requisitions to support some of these parts and pieces, and I was unable to get those document numbers from the Agency's Director of Logistics because they did not want lower level people involved in this mission that worked at the Agency.

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Q All right. At this point, before going further into the chronology, did you know what the destination of the TOWs was to be?

A No, sir, I did not.

Q Now you indicated clearly you did not know it was Iran. You knew they were going to the CIA?

A Yes, sir, and I--

Q Did you know where the CIA was going to have them shipped from Anniston at that point?

A No, sir, I did not; although that was a matter of principal concern to me. I was normally responsible for follow-on shipments in many cases for the Agency, and should they have been using a DoD transportation system, then I absolutely needed to know what the point of demarcation was. They told me that they had intended at some point in this project, which I knew early on that they intended to lift these off from a particular post, and that that was going to be done, and the Agency was going to assume management control for this and would not need my assistance, nor would they need support of the DoD transportation system.

Q I believe you told us previously that within roughly the first 48 hours you did know that they were going to go to [redacted] Is that correct?

A Yes, sir.

Q And what is [redacted]

A For the record, and this is classified information, that is [redacted] That is classified at the Secret level.

Q I believe you told us--as is in fact this whole transcript--I believe you told us that you did three things in those early days in trying to find out what the destination was. Would you tell us what you did? I have in mind--

A Yes, sir. I can recall I talked, number one, with [redacted] who was the Agency Action Officer. He declined.

Q You asked him where these were going?

A Yes, pointblank. I involved myself with him, because Gen. Register, the Army Deputy Chief of Staff for Logistics, asked me could I find out where they were going. [redacted] said he was not able to tell me, but he would ask [redacted] answer back to me later was, no, I can't tell you.

Q So initially you asked, yourself, where they were going; and then later--

A Yes, sir. Then later I was asking for Gen. Register. That one was pursued up to the level of Mr.

[redacted] boss over at the Agency for this mission.

Later one it became more urgent because I wanted to make sure concerning incidents with the FAA, or the Department of Transportation, that I knew where they were headed once they left [redacted]

Mr. [redacted] who was the Agency Action Officer principal on the ground at [redacted] assured me that they would be out of the U.S. borders within hours, and he was going to assume responsibility. I told him, though, that as in all cases in the past that should an accident happen before that plane got across the borders, if he did intend to airlift them out of [redacted] that I was the guy responsible for dealing with other government departments, so I had a concern right up until the time that [redacted] called me back to tell me the shipment was over the U.S. borders and gone.

Q And did [redacted] ever tell you what the destination was going to be once it left?

A No. He said he could not do that. He knew I was concerned about it right up to the end.

Q And I think the third way you endeavored to find out where these were destined was to call [redacted] Tell us about that, and tell us who she is.

A [redacted]

[redacted]

On this particular matter, I needed some backup in case something went wrong with the shipment, and I told [redacted] normally [redacted] military traffic management command of the Army normally would be involved in tracking the shipment in case anything happened to it. [redacted] was also unable to tell me, or could not, would not tell me where the shipment was going.

Again, I told [redacted] keeping me out of the picture, that this was very much of a concern for me because [redacted] should anything happen to it anyplace within the Continental U.S. borders, that I was quickly going to have to come up with a story. And I was very concerned about not having it already in the system, which we had done at almost all other shipments that moved within the U.S. borders.

Q Normally the people with whom you dealt, your points of contact whether for transportation purposes or at the Agency, they normally did tell you these things?

A They didn't tell me on all shipments leaving [redacted] [redacted] where they were going, but on any number of very critical missions I had been involved frequently in putting things in the defense transportation system for them. This was one of the most sensitive requests we had ever worked on, and certainly I was more concerned than I would be on shipping toilet paper or some other innocuous type of supply.

Q Okay. I think we can return to the chronology then and see where we are. We are on day two. What happens next?

A I think that I can move you rapidly forward to the end of the week. We got from [redacted] the weights and cubes on different types of aircraft. Later that week he told me to be ready to ship that Saturday, the 29th, up to 1000 missiles.

That involved gathering together some Air Force pallets. He wanted them put on Air Force 463L pallets. For the record, that is a standard Air Force pallet to fit in MAC type aircraft.

We gathered that equipment together and hauled it down to Redstone Arsenal. We removed the missiles from Anniston, brought them up under guarded convoy to Redstone.

Q At that point you had determined that you needed to use Redstone. Why was Redstone selected?

A Redstone was picked because of the length of the runway, which was sufficiently large to accommodate any type of aircraft. Even as late as two days before the mission, [redacted] could not tell me what sort of aircraft would come in on the 29th of January of support the mission.

Q Now you told us that you laid on a MAC airlift capability.

A We laid on a MAC airlift capability. MAC again declined to tell us what type of aircraft, only that they would see sufficiently a goodly number of aircraft brought in there to haul out the thousand missiles.

We had also provided to them our weights and cubes on the different sorts of aircraft.

Q Now is getting MAC airlift capability something that is easily done?

A No, sir. For the record, MAC typically requires for a routine mission two weeks' notice to permit them efficiency of operations and proper scheduling. They can support an emergency crisis mission within 72 hours, and almost nothing can be done unless you give them 48 hours notice. That is simply because they have all their aircraft fully committed, and within the 72-hour time frame they've got everything committed even to emergencies.

So we did not cancel. I had gone all the way down to Redstone arsenal the afternoon before the 29th of January, and we literally cancelled at the very last minute when [redacted] called me on the telephone and said, not this time; come on back home.

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Q Is that something that took place to the consternation of the MAC folks?

A So much to the consternation, that the next time that we needed them, we were unable to get them on short notice.

Q They simply said no?

A They simply said, hey, guys, give us the proper notice in accordance with the regulations.

Q And they viewed their rescheduling for meeting the first requirement as an opportunity cost?

A Well, it was a severe opportunity cost. As a matter of fact, because MAC has to account--all of these missions are charged to someone. And a loss of several thousands of dollars, a very large sum of money actually in terms of $30,000 to $60,000, was lost in opportunity cost for MAC because of this shortfall, and because that aircraft again could have been laid on to support another mission.

That mission was simply lost. That would be the cost to the Air Force of not being able to support another mission.

Q Let's see if we can get you adequately on the ground at Redstone with everyone you need to know. We're talking about 1000 missiles, and they were shipped from Anniston Army Depot to Redstone. How did they travel from Anniston?

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A They traveled from Anniston to Redstone by truck convoy.

Q Was that commercial truck, or military convoy?

A Sir, I don't know at this point. I know that I asked Col. Lincoln to lay all that one. I do know that at my request they had an extra empty truck in case of a breakdown, and all of the convoy was guarded fore and aft.

Q So you were on the ground ready for the missiles to go forward?

A Well, with some problems. We had a couple problems. One of them was that at the last minute--one of the requirements of Gen. Russo, the Army Assistant Deputy Chief of Staff, had laid on early in the requirement is that although he was very uncomfortable with no paperwork to support the mission request, he wasn't going to "do nothin'" as he said, without seeing some money.

Q Is that when he told you, "no tickey, no laundry"?

A Right in that time frame. The reason was was that we had had several what I call aborted promises on this business of getting the paperwork over. We had been told at the beginning that the mission was all approved at the highest levels.

And yet, unlike [redacted] where the money came with the support request--that is, the guarantee of funds in writing--we didn't have any guarantee of funds.

It had been a sticking point in the early days of the mission. So--

Q [redacted] a certification of funds from the agency?

A [redacted] It identified the fund sites to be charged. So when this mission aborted, the idea was that over to my office, and one of the counterparts left behind me, was going to come the paperwork before we executed. That didn't happen that afternoon that I was on my way to Redstone. I was already in-air, but the piece of paper was supposed to come over to the Army's office.

It didn't come.

MR. KREUZER: When you say the papers identified [redacted] the fund sites which were to be charged?

THE WITNESS: Well, what that means is there were--I don't want to go into details; they are highly classified--how the funds were identified were clearly identified on the piece of paper. That is, there was no question in anybody's mind, either at the Army level or the Agency level, what particular pot of funds were to be charged.

MR. KREUZER: Who provided the fund sites?

THE WITNESS: Those came normally and typically out of the Office of the Director of Logistics, CIA. Once again, on this particular request, it was highly unusual. A first, well, not a first, but a rare event. [redacted] Agency senior principal, was going to provide us the fund site directly. And that had not happened by the afternoon that I had gone to Redstone to execute the first planned phase of the mission.

BY MR. SAXON: (Resuming)

Q And how were you informed that the certification of funds was not available, and that the mission should be aborted?

A I talked to [redacted] But he had a second reason. He told me that the real reason that day that he was aborting the mission was that they could not get follow-on transportation from [redacted] That was the real reason given to me. That proved later on for us to be a sticking point. We were literally after the 29th of January, until we actually physically executed early on Valentine's Day, the 14th of February, we were literally delayed a day at a time while we tried to line up the follow-on transportation support.

Q Were you told that the Agency was having trouble getting the funds because of external problems?

A Yes, sir, I was.

Q Who told you that?

A [redacted]

Q Was he [redacted]?

A Yes, sir, he was at that time.

Q And what did he tell you?

A He told me that he was having a lot of difficulty getting these funds. He was very apologetic. He and I--he is a very professional, capable individual. He had a lot of consternation himself about how bumpy it was going.

Q Did he tell you where the Agency was getting the funds, and with whom he was having to deal?

A Well, he told me he was dealing with [redacted] also an Agency principal in terms of getting the release of the money.

Q Did he or [redacted] ever tell you that the White House was involved in the funding?

A Yes, sir, he did. As a matter of fact, that was discussed extensively during these periods of delays.

Q Which? With [redacted]

A Both. Both [redacted] and it was simply that the White House was the decision maker on release of the funding; and that, although [redacted] was apparently the man going over to deal with the White House principals, that in fact he was also the guy who was going to give [redacted] the release. And [redacted] had said to me that the minute that [redacted] gave him the release of funds, that I would get them. He obviously wanted to be done with this as quickly as possible.

Q And between January 18th and February 13th, I think you told us in April that the price changed a couple of times, for some reason. What was the reason?

A The price on the missiles changed for a variety of reasons, sir. The first and most important reason was that after the delay on 29 January, the very first reason that the price changed is that we now have a large guard force assembled.

My directions to Col. Lincoln were not to leave these weapons unguarded at any time, thinking about the possibility of an accident or civilian mayhem.

Q So they were physically on the grounds somewhere at Redstone?

A In a secure area, under a detailed guard. Now of course the cost of feeding and housing a guard force and paying them 24 hours a day, all of these folks were under contract labor from Anniston. The salaries and the housing and the feeding, the TDY costs basically, all became my responsibility on the 29th of January.

Q And that was unanticipated, because the expectation was that they would lift off.

A Was that we would drive them up and deliver them on the 29th. So the first time that the price changed was on the ancillary costs that we had earlier quoted. And we quoted a new figure on the ancillary costs.

Other events, to try to keep them short, it was about two weeks after I first got involved with Col. Lincoln that George Williams, his deputy, called me up and told me that although they had originally told us, yes, they could support the requirement for about 4000 basic TOWS, that they did not feel that they could supply that many now after actually checking the record and looking at the condition of the items in storage at Anniston. And in fact he told me that they needed to add a MOIC to about 2300 of these missiles.

Q All right. Let's take this point in the record to talk a minute about the problem with the basic TOW, the flyback problem, what a MOIC is, et cetera.

A Okay. The reason that 2300 of these missiles had to be fitted with a MOIC was just this simple. The Agency did not want any items that were not in condition Code A, Alpha. Condition Code A was an Army condition code that basically told anybody that was requisitioning the item or using it that it was in brand-new condition and would work as per the manufacturer's specifications.

Other condition codes indicated a degraded condition in materiel, and in the particular case of these 2300 missiles George Williams told me they were in Condition Code N. In the case of these Condition Code N missiles, George had explained that these still were brand-new missiles, but what happened over the case of thousands and thousands of firings, that there had been a problem with two or three flybacks.

A flyback is a particular case where a young soldier with a guided TOW missile system had fired a TOW missile and it had not gone forward to hit the target, but had in fact come back on the ground where the young soldiers firing the weapon were.

Although this had only happened two to three times out of literally a production run of a third-of-a-million missiles, it so concerned the Army, the risk of death or injury to a young Army soldier, that they had taken entire lots of these missiles. They had determined that what had caused the flyback was a faulty electrical circuit on these missiles that rarely, but unpredictably, would fail.

The missile ordnance inhibitor circuit was a modification developed by the engineers to prevent the flyback.

Q And that's a "MOIC."

A And so the Army Missile Command had said that unless this MOIC was applied to certain lot numbers of these missiles, that they had them all classified in Condition Code N, even though they were brand-new and in fact all of them might have fired without any problem at all and gone and hit the target as they should have.

Q Who manufactured the basic TOWs that we're talking about?

A Hughes Manufacturing Company.

Q Was there a point at which they realized that they had this problem with the TOW and took some action with regard to subsequent missiles manufactured?

A I want to say for the record that a number of things happened. Number one, my knowledge of what Hughes Manufacturing did with missile and ordnance inhibitor circuits greatly expanded after November '86 when I learned in great detail all that transpired. But even back in the early February time frame, I knew that Hughes also was manufacturing a MOIC. I'll go on later to what they did later on.

But Hughes was manufacturing a MOIC, and they were delivering so many a month to Anniston Army Depot to outfit and modify these basic vanilla TOW missiles.

Q And the depot in Anniston actually had an assembly line--

A Which they periodically ran. They periodically ran this assembly line to outfit the missiles.

Q So they had been doing that prior to Snowball?

A Yes, sir, they had, on an intermittent basis. They had about a thousand already on hand outfitted with this MOIC, and the reason was that they frequently engaged in FMS sales of these basic vanilla TOWs, and they were outfitting them with this MOIC before they were selling them.

I didn't know all those details, of course, when we talked to Col. Lincoln on 29 January, but by the time we got to two weeks later, George had told me that what made them in Condition Code A was this $300 MOIC. He came up with that price for that item. That's what he needed from me.

Our conversation that day went something like this: Needless to say, I was very concerned that we had a delivery schedule set up now. I didn't talk about that earlier, but for the record the delivery schedule that [redacted] had set up with me in the early days of the mission was to take delivery of all of the 4508 missiles within a six-week period, approximately two weeks apart, with the first shipment to be a thousand. That clearly meant to me that the other 3500 were going to be divided at two-week intervals and shipped later.

When George Williams called me to tell me that now the delivery dates are in jeopardy that the Department of

Army has committed itself to, I was concerned. I said, George, can we in fact modify the missiles in time to meet the next deadline in two weeks? He said, yes, we can do that if you will provide more money for ancillary costs and money to pay for the modification.

So George and I at that time, I told him I would go forward to [redacted] at the CIA to get more funds. I did do that and, after some difficulty and consternation, [redacted] did swear to me that he would get more funds, and to proceed with the retrofit. Also, Gen. Russo and I talked in detail about this at the time.

Q Let me back up on a couple of things you mentioned. First, in terms of quantities of TOWs, I believe it is correct that the first number that you were given was 4000?

A About 4000 was given to me by Gen. Register, as passed down to him through the DoD leadership.

Q At what point did that increase to 4500?

A Within just a couple of days of me giving the first initial price quote to [redacted]

Q And at what time did it go from 4500 to 4508?

A Also somewhere in the very early days of that mission. There was never any explanation for the other 8. We at the Army level asked [redacted] why on such an important mission were we screwing around with the number of

"8"? There was never any adequate explanation provided for that.

Q Did it become a bit clearer when the second shipment came to the number of 508 TOWs?

A No. I could speculate on why that was the number. I would rather not speculate.

Q Okay. In terms of the MOIC, in layman's terms is it safe to say that if the rocket does not launch within a certain period of time, the MOIC shuts it off?

A Yes, sir, that's correct. The idea is to prevent a flyback. That was the principal, the gut reason for the MOIC, to prevent an accident.

Q And the third thing, before you continue. You were given the MOIC price of $300 by whom?

A By George Williams, the Deputy Project Manager in the TOW office at MICOM.

Q And was that a precise price, or a rough price?

A George and I understood that day, since he knew that I was going forward, I told him external to the Army, although he didn't know where that was, to get funding approval that we had to be straight. So he was taking that as a price that I was going to go and obtain funding on. And that was the price to put the MOIC on, and put the missiles in Condition Code A.

Q And for the record, did DA ever learn that that was a little bit below the actual price?

A Yes, sir. DA learned that in November and later of 1986 that in fact the price should have been closer, I believe, to about $350.

Q $352? Does that sound about right?

A Yes, sir; that does sound right. I was with Col. Lincoln when we both learned that in November of '86.

Q And you mentioned that you did at some point receive a certification of funds from the CIA. I believe that was 13 February. Is that correct?

A About half an hour before I got on the plane to go to Redstone for the second scheduled liftoff, again it would have been aborted. I wasn't planning that day on getting on the plane to go, unless we saw the letter.

Q And was that the first piece of paper received from the Agency on Snowball?

A As a matter of fact, sir, it was.

Q And what would you say the total package of paperwork from the Agency comprised?

A At that point, that single piece of paper simply said that X number of millions of dollars was provided to the Department of Army, to Maj. Chris Simpson, in support of Project Snowball. It did not have a word on there about delivery dates, places, nomenclatures, missiles, or anything else.

Q And I believe you told us--what I had in mind--I believe you told us in April that the total package of paperwork that you saw from the Agency was four letters certifying funds, three for TOW shipments and one for HAWK repair parts, plus a HAWK repair parts' list?

A Yes, sir. That is the sum total. Besides the letters of certification of funds, the HAWK repair parts' list at that time as I recall was about 14 field typed pages, and that was the sum total of paperwork that I got from the Agency on those two missions together.

Q Okay. Was there a point early on in which you asked [redacted] if the purchaser needed launchers for the TOWs?

A Oh, absolutely.

Q Tell us about that conversation.

Q Col. Lincoln's office, besides supporting the Army, also supports a whole host of FMS countries. I believe there's something [redacted] countries besides the U.S. that have bought TOW missiles from America.

Typically the purchasers on FMS cases bought launchers to go with the missiles. I went back at his request to ask [redacted] did he need launchers. This was a logical thing to ask. He said, no. When I went back to Col. Lincoln, that was another issue that I had forgotten earlier, Col. Lincoln said, well, that limits down the places that we're supporting.

Q Did you ask [redacted] if the recipient had launchers?

A Yes. As a matter of fact, the answer was, yes, they did. Col. Lincoln did surface, which he should have done and did do professionally, because he said that they were concerned about keeping a record of what country got them because of flyback problems and other deterioration of lots.

Weapons, missiles, for the record, are a lot like drugs. They deteriorate over time, and the missile command keeps precise track of customers so that they can notify them immediately of any changes in condition on the missiles.

Q Or in case of a recall?

A Yes, exactly. [redacted] said that any of that sort of information he wanted Col. Lincoln to feed to me, and that I was to feed it to him through my office. So we declined to give Col. Lincoln at his request the ultimate destination of these items.

Q When you found out that the country did not need launchers because they already had them, did you then speculate on who was to receive them?

A Yes, sir, I did speculate. And of course it was pure speculation on my part, only.

Q What countries did you speculate on?

A I had speculated that they might be going to [redacted] We had conflicts going on in a lot of parts of the world where the U.S. had interests.

I had been asked I know by the House Committee, John, in late December would I have speculated they were going to Central America? I would have said, that would have been one place I would not have speculated simply because with that U.S. signature stamped all over those weapons in an area we weren't supposed to be in would have drawn an awful lot of attention to us.

Q You said early on that you were not told that these shipments would take place in three increments. When did you find that out? Was that when [redacted] talked to you?

A Later that week, right. Gen. Register knew nothing about that that first Saturday. In fact, all he knew was that we might have to support the mission in as early as 72 hours, the whole mission.

____Q When you found out about the requirement for the MOIC, did you brief Gen. Russo on this development?

A Immediately. I, as any good action officer would be on a very important mission, I was concerned about the change in truth. You know, we had gone from two weeks earlier to yes, we can support the mission; to now we can't support the mission without more costs and more time. That was critical.

And I got to him that same day, and he said, let me know what the CIA says when you go over and talk to [redacted] was very concerned. Shortly after this MOIC problem became known, Gen. Russo asked me to prepare a message and send it down to Col. Lincoln. Now this is an open message via the Army AUTODIN system. It establishes a printed record of some guidance.

The guidance was that we had got some quotes from MICOM of what it was going to cost to do these modifications, and Gen. Russo wanted me to tell Col. Lincoln in this message, which I did--he released it personally--that we understand the following costs have been incurred to date; we understand the following costs are to be incurred. No additional costs will be incurred without prior approval from this Headquarters.

That sort of guidance went down as a result of all that meeting. But the basic decision was since my--and I called Col. Lincoln up shortly thereafter to give him the go-ahead, to say we've got the funds.

Q You talked to [redacted] and he said, yes, we can pay?

A No. I talked to [redacted] This is now a funding issue. I did get back to [redacted] later that day, but the first and most important guy was the guy who was controlling the money. That was the Assistant Director. You have to keep in mind that [redacted] and that [redacted] and it was important first to make sure that he was going to fund this.

Q But you went back with him after you talked with Mr. Williams and found out the MOIC was necessary, and that it would be--

A Absolutely. That all happened like all at the same time.

Q [redacted] said yes as to--

A He didn't say yes, right away. He came back to me I think within about 24 hours to tell me that, as displeased as he was about the change in the truth, that he would in fact--he did at that time mention to me that this was critical not to have any more changes in the truth, which we weren't done with yet anyway, but neither one of us knew that, he said, because the White House was controlling approvals in the changes on the funding.

Q All right. Let's go to the next complicating factor of the replacement costs. I believe somewhere about the second week of things, Col. Lincoln raised that issue with you? Is that correct?

A Yes, sir, he did. He called me up and he said he had been studying--this is a conversation exclusive of the MOIC--Col. Lincoln called me up to say, Chris, he said, I've been studying this business of these missiles, he said and, he said, here we're going to take almost 4500 missiles out of the wholesale inventory, he said, which is a large percentage of our wholesale stock.

He said, I cannot take and buy a new state-of-the-art missile for $3169, plus the MOIC, it was still in materiel, and he was telling me that the price to buy a new missile was something over $8000. And, he said, I really feel we ought to be charging a higher price.

Q So when he talked about the price for a newer missile, he was still talking about a basic TOW?

[illegible] No. Well, the term "basic TOW" applies to a basic T[illegible]ich has an old model warhead on it. The new models of the TOW, called ITOW and TOW-2, have a more advanced warhead on them that will penetrate a greater degree of armor, and also the more accurate killing range.

At the time that Col. Lincoln raised this issue

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with me, I went to Gen. Russo with our pricing regulation. And this is a formal request, now, from an Army full Colonel who is the Army's principal manager of TOW missiles not to be taken lightly, and we didn't take it lightly, we took it very seriously. I got out the pricing regulation--

Q That would be AR37-60?

A Right. The Army's regulation on pricing for materiel and services. I showed Gen. Russo that the regulation said that on items no longer in production, the basic TOW had not been produced since 1976 by Hughes Manufacturing; that on items no longer in production, that the Army pricing regulation did not allow us to charge any more than the last price paid. And that last price paid, which we now know to be an error, but what was published in the AMDF as the last price paid was $3169. It turned out that the last price the Army paid was something higher than that on the last contract in '76.

Q But as best you knew at the time--

A As best all of us knew, both at MICOM and at DA and in my office, we knew that that was the last price. Gen. Russo was concerned enough about the price that he called one of the lawyers--I can't remember whether it was [redacted] It was Tom Taylor.

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Q You told us in April it was Tom Taylor.

A Tom Taylor, though, came in to discuss the Economy Act. What Gen. Russo was concerned with was not so much what the regulations said on pricing, but also was that particular regulation in the particular paragraph I was quoting him, was that the proper vehicle for transferring the weapons to the Agency.

Q Now when you make a transfer to the Agency, you use the Economy Act?

A Yes. That has been the standard legal statute cited as the basis for transferring weapons and materiel to the Agency.

Q And had you in your previous 2-1/2 to 3 years had occasion to use the Economy Act?

A As a standard. That was the standard statute for--not the only statute. I mentioned to you in April that we also used the Leasing statute to transfer materiel. That was things we were going to get back, though.

Q And Tom Taylor was familiar with the Economy Act?

A Very familiar [redacted]

Q And did the Economy Act permit DA to charge the CIA replacement costs?

A No, sir, it did not. It required that we charge the standard price plus incremental costs, incremental costs

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being ancillary costs related to physically picking up and moving materiel, and labor and handling costs, so to speak, and transportation.

Q And by "standard price" you mean either the last procurement price, or the price published in the AMDF?

A Exactly.

Q And in most cases, that would be the same?

A Normally the last published standard price would be the last manufacturing price paid, plus some Army costs added into that.

Q Did you ever ask [redacted] for the record, for your record at that time, whether the Economy Act was being used?

A Yes, as a matter of fact. We established that in the very early days, within probably the first 72 hours of getting together on the mission.

Q And when you asked him that, did he then ask [redacted] [redacted] to verify that?

A That is correct, sir. We did that, again, because I did not have the standard piece of paper that normally would cite the basis for asking for Army support. So I wanted to make sure there weren't any glitches. We were doing the same thing with the basis for transfer that we were doing with establishing a nomenclature and a price. We were making sure that our two interests were equal. That

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is, that I was providing what he wanted in accordance with how he wanted it.

Q And when you and Gen. Russo and Tom Taylor had some discussions after Col. Lincoln raised the issue of replacement costs, did Tom Taylor ever give his legal opinion that you could not charge replacement costs?

A Yes, sir, he did.

Q And did you communicate that back to Col. Lincoln?

A Yes. And he was unhappy with that decision, but he said he knew we would have to live with it, then.

Q Before we get to that discussion, did Gen. Russo at this time then go to Gen. Colin Powell to discuss this issue?

A No, sir, I don't believe he did at that time.

Q Did he do that at a later point on replacement costs?

A He may have. My memory is fuzzy on that right now, sir. That is something I'll have to go back to my notes to look at. I think what is important is, though, t[illegible]ence I got back to Col. Lincoln--I do think, for the [illegible], Gen. Russo wanted to charge a higher price. He said it was a darn shame, if I might quote him, that we couldn't charge a higher price. He said, but Chris, it doesn't look like the regulations allow us to do anything other than charge the old standard price.

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He also said, for the record--and he said, and anyway, he said, the other thing is that he said, we're not exactly giving away a brand-new state-of-the-art missile with 100 percent of its useful life left. He said, these lot numbers, as I understand it, he said, at the end of--some of them are 15 years old, and some of them only have [redacted] [redacted] of their useful life left.

He said, what we've got here is an old missile with a limited range that is [redacted] [redacted] So Col. Lincoln is not exactly trading one for one. He said, he's going to get a brand-new state-of-the-art missile with a very long extended life and, he said, so he's not exactly, you know, losing [redacted] of his inventory.

But he still was unhappy that we weren't going to be able to put back into the Army wholesale inventory the same number of missiles that we took out.

Q Did you ever get a sense of whether the Army leadership itself was happy with that decision?

A My interface with the Army leadership daily was Gen. Russo, and he would normally reflect to me what the feelings of the leadership were. I got no feeling from him at all at any time in this that there was anybody above him that was unhappy with that.

MR. SAXON: Let's go off the record a moment.

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[Discussion off the record.]

[Whereupon, a brief recess was taken.]

BY MR. SAXON: (Resuming)

Q Major, while we were off the record I think that you in fact said you did recall that when the issue of replacement costs came up and you, Tom Taylor, and Gen. Russo had some discussions and conferred about this issue, that in fact Gen. Russo did see Gen. Powell at some point?

A Yes, sir; that is my recollection.

Q Tell us about that.

A Sir, after Gen. Russo went to see Gen. Powell, the issue was he was going to clarify with Gen. Powell that the Economy Act was the proper basis for transfer. Gen. Powell got back to him and assured him that that was a proper basis for the transfer.

After that particular meeting, Gen. Russo came back and met with me that same day. I was waiting while he went to see him.

Q So Russo and Powell had a face-to-face meeting?

[illegible] They had a face-to-face meeting to discuss that [illegible]. Once that had been accomplished--that is, that we had clarified that that was the proper statute--at that point we became locked in on our decision that since the Economy Act pricing rules were very clear in the Army Regulation AR37-60, there was nothing to do but charge the

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last published standard price.

As I recall, the one other thing that Gen. Russo asked me to do on that was to verify with Col. Lincoln that the standard price published was a correct price, and we did that. At that point, we went forward.

We weren't done with the pricing issue yet, of course, on the basic TOWs. It only was a few days later in this dynamic environment until George Williams called me up to tell me the truth was changing again; that although he had committed himself to outfitting 2300 basic TOWs in Condition Code N with a MOIC, it turned out now that Hughes could not manufacture the MOICs fast enough to meet the Army deadline of having these missiles ready within a short number of weeks.

Q Are we into the third week, now?

A Yes, we are sir, more or less.

Q Before we go into the issue of the changing the warhead, after Gen. Russo met with Gen. Powell and the issue of replacement costs was put to rest, did you communicate t[illegible]ack to Col. Lincoln?

[illegible] The same day, sir.

Q And at any point in that time, or was it later, when George Williams asked you if the customer would prefer the ITOW, the improved TOW missile?

A That came up when the next discussion surfaced.

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The discussion came up at the time when we found out--excuse me. I want to say to correct the record here, again I kept notes on this, that discussion either came up at the time that the Condition Code N surfaced, or it came up later when we retrofitted some ITOW missiles. I'm not precise now. I could go back and check for you and look at my notes.

Q I understand, although I don't think it's material as to precisely when it came up in connection with this issue.

A The substance of the issue was that George Williams asked me to go back to the customer, and the whole issue was we didn't have enough of Condition Code A basic vanilla TOWs right now to support the short requirement.

Could I go back? We offered the other missiles to the Agency. I did that to [redacted]. He came back very quickly after checking with [redacted] and turned them down and said, no, all they were interested in was the basic vanilla TOWs.

Q So they were offered an improved product--

[illegible] Both ITOWs--

Q --but they would have been at a higher cost.

A Yes, sir. And it would have been at those costs that Col. Lincoln was quoting. It's important, again for the record, that both the ITOW and the TOW-2 were still in production, and we would have then been able to charge

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replacement costs. Under the Army pricing rules, if an items is still in production, you charge the latest replacement cost for it.

Q And as opposed to $3169, or with the $300 MOIC $3469, what would we have been talking about?

A $8000 to $11,000, depending on the configuration of the improved TOW model charged.

Q Okay. Now Mr. Williams gets back to you and says, we don't have enough MOICs because Hughes can't manufacture them fast enough. What alternatives did you discuss with him?

A Okay. The principal alternative that he offered to me at that time was that he had some ITOW missiles sitting out at the Iowa Army Ammunition Plant, and he said they had a rocket motor on them that would do the job. And it was the rocket motor that was the faulty part of the TOW missile, not the missile head.

Q Now TOW is really two parts?

A It's in two parts, sir. It's a warhead, and a [redacted] motor, held together by six little screws. It's that [redacted]. All the complicated part of the mechanism is the rocket motor.

He said he had some other rocket motors that he could retrofit for me. He wanted my assurances that I was willing to do that and was willing to pay for the costs of

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hauling the missiles from Iowa to Anniston, which now you're talking about going from the State of Iowa to the State of lower Alabama, and the costs of separating the missile and the warhead and retrofitting the motors on. Also, you had the cost of taking the old rocket motor off the faulty missile.

So you had a lot of work here. I went up to discuss that whole proposal--that was one of the proposals he offered me, John. As I recall, there were a couple of other ones that day.

Q Did you take that proposal to [redacted]

A I took it to Gen. Russo first. To tell you the truth, I was alarmed about taking any more changes in the truth to [redacted] especially since I had been admonished only a few days earlier not to come back any more with any more changes in the truth.

But I went up and told Gen. Russo all that we were doing. I think he had, one concern he had was, he says, what are we going to do with these ITOW warheads? Now this i[illegible] improved part of the mechanism. I told him I had g[illegible]--I got back with George Williams, and then George Williams says, I believe I have a potential FMS customer for these warheads without any rocket motor at all.

It was some Middle East country at the time that we did business with regularly. I don't know yet whether we

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have sold those now. A lot of time has passed since all that event took place. But Gen. Russo bought off on the concept, subject of the ability of the CIA to pay for it.

George had given me some ballpark figures on costs to do the retrofitting. I went back to [redacted] with this. Once again, we had umbrage, and disgust, and dismay, and he told me once again he would have to go, and he really didn't know whether he could do it or not, but he would see--

Q He would have to go where?

A He would have to go to [redacted], who would then again have to go deal with the White House. He again urged me that he was having to deal with the White House on each change in truth--meaning that he, [redacted] has having to do that. But that is, the Agency was being forced to go to the White House on any changes. And he said, please, let's make sure these incremental costs, he said even let's pad them a little bit in terms of add a few more thousands of dollars on them so we don't have to go back in for $10,000 or $20,000 out of a half a million.

As I recall, the figure to do that work was about $400,000 in incremental costs. In the end, [redacted] did agree to fund all of that, and I called back George Leachman--Chris Leachman and George Williams, and told them to proceed.

Once again, they had committed themselves that they could get the work done in time. I would mention that, although back in late January we thought we might be all done with this mission as early as the end of February, by the time we had got to the business of agreeing to retrofit missiles, three-and-a-half weeks had already passed. But we're still leaning forward in the foxhole, so to speak. That is, it is still being ready to support it a day or two ahead at a time.

Q We are between the first and second shipments?

A Yes, we are. We've passed the first shipment at 14 February. The business in retrofitting the missiles probably took place, as I recall, about the third or fourth week of February.

Q Now when you--I guess you got approval from [redacted]

A Yes. He told me he couldn't get the money right away. That was an issue at the time. He said, I can't get the paperwork to you right away, he says, but I'll give you [illegible]. The agreement that he and I had, and again a [illegible] of high honor and good standing with me as he had worked on many complex things with me and had never let me down, said if for any reason we can't get this additional money from the White House, or the mission aborts, or both, he said, I will personally make this money available to you

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out of other funds.

Since he was a man of honor, I told Gen. Russo I was going to go ahead and take his word, even though we didn't have the piece of paper. And Gen. Russo I think asked me at the time, well, has he ever let you down before? And I said, no, never. And on that basis, the credibility of a good man, we went ahead.

Q To your knowledge, was that the amount of money which MICOM puts at $377,000 which they committed out of their own operating budget? Do you have any knowledge of what I'm referring to?

A Yes, sir, that is the figure. And that is the message. I said, about $400,000, but that is the figure. I would mention for the record that the only reason that MICOM had to fund that out of their general budget, we told them early on in this mission--that message went out in late February, mid- to late February--that as soon as they billed us, we would pay them within 30 days. That was our agreement with them, which is the standard government billing arrangement between all agencies.

It was not until late May, early June, that they actually saw fit to bill us. The fact that they carried those expenses out of their own operating budget was really a fault of the billing mechanism at MICOM and not the Department of Army. I would mention again for the record

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that once we presented the bills to the Agency, they were paid extremely promptly.

Q For what it's worth, would you have any knowledge of the fact that to this date they have not been reimbursed that $377,000?

A That does not sound correct to me. I know that when I had left there, that every bill that they had presented to us had been paid, as presented, and that bill--again I would have to look at the figures, John, but a recollection of mine is that the incremental costs that they did bill us for we had paid by the time I had left.

MR. KREUZER: Could I just interject here?

At any time in this process did any fund citing, or billing, or any similar type financial activity come from or originate with, or involve Army Materiel Command?

THE WITNESS: Not on Project Snowball at all. In fact, for the record--I mentioned this in my testimony in April--early on Col. Lincoln surfaced a concern with me that he didn't want to be working on this very complex and [illegible] project without having the AMC leadership [illegible]. He said, if we would not get AMC headquarters involved, that he was going to ask Gen. Burbules, for the record the Commander of Missile Command.

I went to Gen. Russo with that, and he called while I was in his office and talked to Gen. Thompson, who

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is the four-star General in charge of Army Materiel Command, and told him that I was working with Col. Lincoln on a very quiet project and appreciated his good support, and that issue then was laid to rest.

That was the only involvement throughout this project with Army Materiel Headquarters.

MR. SAXON: Let's go off the record a moment.

[Discussion off the record.]

BY MR. SAXON: (Resuming)

Q Major Simpson, when the approval from the Agency came for the retrofitting and transportation, did you communicate that to the folks at MICOM?

A Yes, sir, I did; the same day.

Q And did there come a time shortly thereafter when you had a conversation with Mr. Williams, the Deputy Project Manager-TOW, about changing the price yet again to take into account that in essence one-half of the missile was going to be an improved version?

A Yes, sir, we did have such a conversation.

[illegible] And did you agree that you would take that forward [illegible] what could be done?

A Yes, sir, I did; although I told them, personally I was against changing it. I remember that conversation. I may have had it with Col. Lincoln, or it may have been with Chris Leachman, but one of the three principals in the

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office. I said, guys, I'm not willing to even surface that issue to the DSLOG, unless you want me to do it.

Q Did you--

A And--Oh, I'm sorry.

Q Did you talk to [redacted] about it?

A I did not talk to [redacted] about that at all. I don't believe the Agency ever got involved in that. I do know that Col. Lincoln did do what I asked him. I was so disgusted at this point with the events that had transpired, I have got many other missions going on, and I think that the concern was I just didn't have time every day to deal with a changing set of ground rules.

I said, Col. Lincoln, if that issue is going to get surfaced to the DSLOG level, I said, it needs to be done from the MICOM end; and I do know that that did happen, that Col. Lincoln went to one of his bosses, one of the Generals at MICOM, and they did call and talk to Gen. Russo.

Q I know that a lot of these particular details are hard to recall, but my notes from when we met in April indicate that when this issue was raised and you had these discussions, I think you said with Mr. Williams, that he said the rocket motor on the ITOW had a longer range, and that he wanted to be paid more for the improvement?

A I do recall that he did say that.

Q And my notes reflect that you talked to [redacted]

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[redacted] and he said that he really could care less that something along the lines that if they wanted to give him a better one, fine, but he didn't order it so he wasn't going to pay for it.

A Sir, I do recall that. Now my memory is refreshed. That was what was discussed.

Q Now at this stage, I think we have even another complicating factor. That is, that discussions began to focus on a different stock number for a basic TOW with MOIC. What can you tell us about that?

A Another conversation in these days of changing environments and facts was that George Williams called me up to say that they had done some more study, and they now have surfaced the fact that there is a new stock number for MOIC. I guess the gist of his conversation was to the effect that the $3169 purchase price for the MOIC, plus the $300 MOIC, had turned into a price that all of us now know never existed, and it was somewhere on the order of about $8000.

Q All right. Let me see if I can--

A If I could help you, I could walk you through what actually happened back in those years in the late '70s.

Q Good.

A In the late '70s after the flyback problem surfaced, at that time Hughes was making a later version, I would say a later production run of the missile.

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Q Of the basic TOW, still?

A Of the basic TOW. They redesigned the design, because the MOIC that was being provided to Anniston to put on was kind of like a slap-on modification. The engineers at Hughes redesigned the basic configuration of the missile--

Q To build the MOIC in it?

A To build the MOIC right into the system. It was kind of a quick-fix engineering. But now it is part of the assembly process of a brand-new item. That particular missile--which there's some doubt at MICOM whether that should have ever happened--was now coming off the production line and given a new, different stock number by the Army.

Q As a new item?

A As a new item. And the price was around $8000, as recall.

Q Would it have been $8435?

A That sounds like a figure I remember.

I tried to argue with George at the time that that m[illegible] have been true for a missile that came off the p[illegible]tion line years later, I said, but are any of these 15-year-old missiles that you're giving me, were any of them priced to the Army at $8439?

And George said, no. And I said, well, as far as I'm concerned, an old missile with a MOIC welded onto it down at MOIC, I said, is it, or isn't it costing the Army $300 to do that? And he said, it is. I said, well, I'm not willing to give you any more money for that, and I'm not willing to surface that issue, either, up the chain of command.

Q Okay. Let me review what you've just said. After the flyback problem was created, Hughes began to manufacture the TOW missile with the MOIC in it, which MICOM chose to classify in the AMDF as a new item and gave it a new national stock number, and a new price, the price of $8435.

A Yes, sir; that's correct.

Q So that if someone at Anniston Army Depot, which we understand to have happened, were to have been told "we want a basic TOW," and it were to have a MOIC, they could look in the AMDF and, whether this should be the case or not, could find a legitimate price for a basic TOW with MOIC of $8435?

A They could do that, although there was some revelation at MICOM that there was never actually a price [illegible] that approximated the AMDF price; that it was something o[illegible] than that price, but it was a price higher than, considerably higher than the basic vanilla TOW with a MOIC in it.

Q But if they used the computer system that existed at Anniston Army Depot and punched in the number for a TOW

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with MOIC, they would get--

A The model number. They would have got a $8439 price, yes, sir.

Q And as you walked through this with MICOM, what we were doing was not involving those missiles at all, but taking the missiles purchased by the Army for $3169 and simply welding the $300 MOIC on?

A Yes, sir; that's correct.

Q But the two items did have different national stock numbers?

A A basic vanilla TOW with a MOIC did.

Q And did anyone at DA level with whom you were dealing realize that when you put a MOIC on a basic TOW, according to the AMDF, that it had a different national stock number and therefore a different price?

A No, sir; no one at DA did, at that time. I know that Gen. Russo late in November of '86 came to the conclusion that, gee, if we had only known.

Q And at this point, up until this point, no one at [illegible] knew?

[illegible] No one at MICOM ever told us all these details. This wealth of data that we have just discussed all surfaced during the November-December '86 time frame.

Q How did this come to Mr. Williams' attention?

A When you say how did this come, sir?

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Q Back in late February. He brought this to you. How had it come to his attention?

A I'm not quite sure, sir. Through one of the people that works for him. He never revealed those details to me.

Q At this point, you took this information, I believe, to Gen. Russo. Is that correct?

A Yes, sir.

Q Did he then have a conversation with Gen. Burbules, the head of MICOM?

A Sir, he may have had that conversation with the Deputy Commanding General. I believe that Gen. Burbules may have been away. He may have had it with Gen. Burbules. That is possible. One of the principals there at MICOM, either the Commander or the Deputy Commander. The issue was discussed.

Q As to whether to pay the $3469--

A Or some other price.

Q And did anything change?

[illegible] Nothing changed. Gen. Russo told me that--he c[illegible] me up to his office. We were meeting almost daily on this project--and told me that the issue of price had come up. He said, I was worrying about the mission being hurt, damaged, or otherwise deteriorating because of all of the changing stories. He said, I couldn't see really how we

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could charge more than $3469. And, he said, I told the General that he spoke to, he said, the price is going to rest as it was.

Q And at some point did you get back with [redacted] [redacted] in this time frame, and he told you he didn't want any more changes?

A Well, by the time this conversation that Gen. Russo had with the Commanders at MICOM was going on, we had already gone [redacted] with three more changes. I mean, those changes that we've already discussed. I think he would of just about had apoplexy had I gone back with another change. But [redacted] and I have worked together for several years. If I had actually had a change, I think he would have done his best to accommodate me.

Q When [redacted] expressed, at whatever point, some dissatisfaction that things kept changing, did you communicate that back to Col. Lincoln?

A Yes, sir, I did. As a matter of fact, that was what led to when Col. Lincoln and I discussed the business th[illegible] I was not willing to surface another change in the tr[illegible] to the Army leadership. I says, as far as I'm concerned, you know, that needs to come from the MICOM level. I thought, let you guys go up and face the lions and explain why the truth keeps changing.

Q And was that his phrase? Col. Lincoln told you

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that the truth kept changing?

A No, that was my phrase for him. I said, geezuschrist, you know here we are. When we told you the first day that the highest levels of the Army leadership were looking at this, you know, why couldn't we be straight the first time. I said, now we've gone through three different changes, and the truth keeps changing. I pointed out, even on the MOIC business that when they had asked me for the money to pay for the 2300 MOICs, I said, nobody even bothered to check with Hughes at that time to see if they could meet the deadline scheduled. I said, you find that out later.

So I guess my point from an action officer's viewpoint was, I was frustrated by what I saw as kind of loose coordination. It was my opinion that any more of those changes in the story needed to be surfaced from their level to the Army leadership.

Q Now let me go back quickly and clean up one or two loose ends that may have been left on the first shipment [illegible] actually took place on the 14th of February.

[illegible] As you alluded to earlier, these did not actually get airlifted from Redstone?

A No, sir, they did not.

Q Tell us what happened with regard to that plan?

A Sir, briefly, because of the period of 29 January

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to 13 February that we were changing the delivery date one day at a time because of delays and problems with follow-on transportation from [redacted] asked me on the afternoon of the 12th of February, could I get with MAC and see if they would support us on the 14th. I said, no. Hell, no.

When I went back to him with that, he said, well, we're really in a jam, he said, because now we have the follow-on transportation for [redacted] and we can't change that. He said, how are we going to get these missiles?

Well, [redacted]

Q [redacted]

A [redacted] We called and talked and I said, [redacted] do you think we can truck something from-- we had hauled stuff before from [redacted] from Redstone, [redacted]o Redstone, [redacted] said, well, let me get ahold of my favorite trucking company and see if they can make it in the time frame.

Q And that was Baggett Transportation?

A Yes, sir. That was Baggett Transportation. [redacted] called me back shortly that same day and said Baggett can do it. Where do they need to go? And I did some dealings with the Baggett dispatcher, and we got them guided into our

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remote area at Redstone where the missiles were being stored.

The upshot of all of it was that I was listed as the consignor from Redstone [redacted] Actually, they were never told at Redstone that they were going to [redacted] I think that's important for the record.

Again, there would have been no reason in the white world for TOW missiles to go to [redacted]

Q For the record, are you aware that Baggett Transportation has as its slogan "Don't Mark It Rush. Tag It, Baggett!"? Have you ever heard that?

A No, sir, I'm not.

Q Well, for the record that's true.

All right. You're on the ground at Redstone on 13 February. Baggett, I believe, arrived around 6:00 o'clock p.m. Is that correct?

A Yes, sir, that is correct.

Q Then you started loading around 7:00 o'clock?

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A Yes, sir, and it took us until probably about 1:30 in the morning to finish this. This is a very complex procedure, because it isn't just throwing boxes on trucks. Because of the nature of the cargo, each box of missiles and each box had one missile in it--

Q There were 1000 boxes?

A 1000 boxes that are a crate that are about 4 foot long and a foot length by width. It was a foot square, and about 4 foot long, and weighed a lot of pounds, and it had to be blocked and braced. So you actually have carpentry work going on on each different box. Plus, the weight had to be equally distributed within the trucks.

Q Were there 90 tons, for shipping purposes?

A That sounds correct.

Q And was an MI company helping load the trucks?

A Yes, sir; it was an MI company that was stationed at Redstone Arsenal.

Q And about what time did the last truck arrive?

A Sir, as I recollect, about 1:30 in the morning.

Q Then I believe you told us in April that you and Ch[illegible] Leachman left about 2:00 o'clock to go to your respective places to get a little sleep, and came back around 7:00? Is that correct?

A Yes, sir. And the objective of meeting again at 7:00 was to have me sign a shipping document, a DoD shipping

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document that he had prepared for me.

Q And that's 7:00 a.m. in the morning, the 14th?

A Yes, sir.

Q And that document was signed; and did you keep all copies but one?

A Yes, sir, I did.

Q And you had carried down with you, I think, an individual from the Agency? Is that correct?

A Yes, sir.

Q Who was that?

A His name was [redacted] They were a reluctant participant in the witnessing of this first load, but Gen. Russo had asked me to make sure that legal ownership for these missiles was transferred at Redstone. The purpose of [redacted] also known alias as [redacted] his purpose was to accept signature responsibility. And if anyone wanted to look at the record, the retained receipts in my office would show that [redacted] from the CIA did sign for those missiles on the morning of the 14th of February.

Q And you got a receipt from [redacted] also attesting to his receipt of the documents which DA had received in affecting the shipment? Is that correct?

A Sir, [redacted] kept none of the documents from

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the DA shipment from Redstone [redacted] If your notes show that, they're in error. He kept no documents at all.

Q Okay. And once the mission was completed, did you call [redacted] to tell him that?

A Yes, sir, I did. I also called Gen. Russo.

Q Did you call [redacted]

A Sir, [redacted] and I talked. Whether it was that day before I left to go back to Washington, or that morning down at Redstone, I did talk to him right in that time frame.

Q To tell him that everything had gone well?

A Yes, sir.

Q And did you talk to [redacted]

A At length; yes, sir.

Q Did you tell [redacted] the transfer had taken place?

A And at about what time [redacted] expect the trucks. They had been due in at about 2:00 a.m., or 2:00 p.[illegible] Saturday afternoon, when they left. That was what the dispatcher had told me for Baggett.

Q [redacted] promise to call you and tell you when the trucks got there?

A Yes, sir, [redacted] did do that.

Q And what

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A [redacted] said, the trucks that you were sending me have arrived safely [redacted] said, all is well. I got one more call on that operation, and that was from [redacted] the following Monday to tell me everything had lifted out and had gone successfully.

Q He was the [redacted]

A Yes, sir, he was.

Q And did he say something like, not only did they lift off, but they're now over the borders?

A Yes, sir, he did.

Q And would that be the first time when you knew for sure these were destined to go outside the United States?

A Sir, that was the first time I knew for sure, but even from the early days from the mission, from the first three days, I knew that they were going outside the country. I was 99.5 percent sure, because we were waiting for follow-on transportation by air from [redacted]

There would have been no use for those within our borders.

Q And did you ask [redacted] at that point if he used MAC for the airlift?

A Yes, sir, I did.

Q What did he say?

A As I recall, he told me he used a private contractor. Again, I was still concerned about defense

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transportation channels. The reason for asking about MAC was to make sure that DoD was off the hook. Once he had told me that he had not used MAC, I knew that we were clear and free. Really, that was the end of it for the first phase of our mission.

MR. KREUZER: Did he mention who the private contractor was?

THE WITNESS: No, sir. And I don't want to speculate on who it was. They used a variety of private contractors.

MR. KREUZER: That was what day? What day did [redacted] [redacted] tell you that they had airlifted out?

THE WITNESS: 17 February, sir. I say that, because I got a call the following Monday. Friday was the 14th. I was told Monday that everything was gone.

BY MR. SAXON: (Resuming)

Q Let me cover--this is somewhat out of the chronological sequence--but one additional item on the issue of Congressional notification.

I believe there was a point at which Department of the Army civilian and military leadership continued to be concerned about the issue of Congressional notification, so that there was a memorandum drafted which went to Gen. Powell on this issue. Is that correct?

A Yes, sir. As a matter of fact, I believe that I

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drafted that memo for Gen. Russo. Gen. Russo and I discussed a rough outline of what he wanted to say. I went and typed it. He hand-carried it up, and he brought it back down to me, and it had some notes written on the margin of the finished memo that said it had been discussed with Colin Powell.

Later, that memo went up one more time. Later in the spring, Maj. Gen. Powell left and Admiral Jones took over as the aide to the SECDEF, and it went up once again to let Admiral Jones look at it.

Q And a memo copy I think of that was provided to Gen. Arthur Brown, the Director of the Army Staff, Gen. Kavasa, the Executive Assistant to the Secretary; and to Col. McDonald. Is that correct?

A Yes, sir, that is correct. It also went to Maj. Gen. Sutter.

Q And how do you know that?

A Because, sir, I hand-carried that document all around, at Gen. Russo's request.

Q And did you also give a copy, or show a copy, to Tom Taylor?

A Yes, sir, I did.

Q Now in the context of Congressional notification, I believe you told us in April that the day after Tom Taylor gave you a copy of Mrs. Crawford, the General Counsel's,

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memorandum to the Secretary on this issue: that you had a face-to-face session with [redacted] in which you gave him a copy of the Act itself. Is that correct?

A That is true, sir.

Q Do you recall what you told him?

MR. SAXON: Could we go off the record?

[Discussion off the record.]

MR. SAXON: Where did we leave off?

THE REPORTER: "Question: Do you recall what you told him?"

THE WITNESS: Sir, the question then was, do I recall from my face-to-face meeting with [redacted] on the notification issue what was discussed? Yes, I do.

I took a copy of the Act that Mr. Tom Taylor from Army General Counsel had copied for me to give to [redacted]

BY MR. SAXON: (Resuming)

Q Which Act was this?

A This was the 1986 Intelligence Authorization Act, which addressed the requirement of notification to Congress when more than a $1 million shipment was involved of arms outside the borders.

[redacted] and I then addressed the fact that it was really his General Counsel's responsibility to advise the leadership on the requirements.

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And, I said, but I don't have any face-to-face dealings with the General Counsel of the Agency. [redacted] And about a day later, it could have been the same day again, these things fuzz together, he got back to me and told me to get out of it, and that the Agency was handling it. He assured me of that, because I was concerned about it.

Q [redacted] with you?

A [redacted] with me. I told him that although a lot of very senior people in the Defense Department were dealing with the issue, nobody had really told me it had been done. I said, this is a very important thing, [redacted] I said, I don't want somebody to get in trouble later on it. And he assured me it was being taken care of.

Q And did you communicate that back to Gen. Russo?

A Sir, as I recall, I did. I'm sure I did.

Q Before we go to the second shipment and any particulars on it, let me ask you about one or two things you told us in April.

You mentioned earlier your boss and predecessor, Lt. Col. Jeffrey Stevens, who I think retired on June 30, 1985. You said that he [redacted]

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Q Also for the record, do you have knowledge of any efforts by the Department of the Army to divert funds or weapons or ammunition from shipment to any other country to divert that to the contras in the time you were at DSLOG?

[Pause.]

A There were never any efforts by me, that I know about where I was actively involved in diverting anything to go to the contras--"diverting." I want to be cautious on that word.

Q Were there efforts by others of whom you had knowledge?

A No, sir. And I don't want to open a can of worms, [redacted]

Q And did any of those take place after October of 1984 during which time the Boland Amendment would have been in effect cutting off all U.S. Government funds in any manner for the aid and support of the contras?

A It is possible that that happened. Once again, though, because of our large Armed Forces down there in Central America, you know, for me to ship something to [redacted] in and of itself would not, could not, and did not have to be construed as an

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illegal act. [redacted]

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[redacted]

MR. KREUZER: What's the long title of "MTMC"?

THE WITNESS: Military Traffic Management Command. It's the Army major command that is responsible for shipping things entering into the Defense Transportation System, which is a combination of planes, ships, et cetera, that covers the world-wide sphere.

MR. KREUZER: And MTMC would provide the--

THE WITNESS: Well, MTMC might provide it. MTMC again is just the Army leg of a defense system, meaning that you've got MAC aircraft and Navy vessels all part of it. So in terms of things I might have been involved in shipping south for the Agency, they were common, going to known U.S. addresses through the Defense Transportation System.

BY MR. SAXON: (Resuming)

Q For the record, Major, is it safe to say that you had no knowledge after October of 1984 that anything you were involved with [redacted]

A [redacted]

I would say again for the record that I was never in three years there ever asked by the leadership of the Army or the Defense Department ever to do anything illegal; never.

MR. KREUZER: Can you describe to me the terminal point at Tegucigalpa which received materiel via the MTMC?

THE WITNESS: Roger, just picture a large port, if you would, to look at Bayonne, New Jersey, where you've got ships coming and going. You've got trucks hauling cargo off. You've got authorized people coming to sign for th[illegible]s.

Typically, if we ship something down there, it was care of the U.S. Embassy. That was a typical address to ship things care of. Also, some of the shipments went care of U.S. MILGROUP.

MR. KREUZER: Do we have a command there at the

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port?

THE WITNESS: You've got a representative down there. MTMC is represented down there by an office. Again, I don't know the details of how it's constructed, but Military Traffic Management Command has an office for southern command down there. Exactly how it is staffed and operated, I don't know.

MR. KREUZER: And that is located in a port?

THE WITNESS: I don't know where the office is in terms of where the office is in Central America. I know I used to have an AUDAVON number to call the Colonel if I had any problems with the Port. Also, he would call me if he was having problems. But in terms of for me to say today, I don't know precisely where the office is.

MR. KREUZER: What are the names of some of the people down there with whom you would speak from time to time?

THE WITNESS: I would have to go back and look at my notes. In my notes, there is a record of the Colonel. [redacted] one single point of contact I dealt with exclusively, [redacted].

MR. KREUZER: But you don't remember his name?

THE WITNESS: No. I know he was a full Colonel, and he was the MTMC Southern Area Commander for Southern Command in the '84-85 time frame. That should be easy for

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somebody to track down.

MR. SAXON: Let's go off the record a second.

[Discussion off the record.]

BY MR. SAXON: (Resuming)

Q Major, if we can now, let's focus on the second TOW shipment. I believe that on February 17 you got a call from [redacted] who said to be ready for the second shipment within the next couple weeks. Is that correct?

A Yes, sir, it is correct.

Q And did you then call Col. Lincoln?

A Yes, sir, I did. This was a smaller shipment this time. Dave only wanted about 500 missiles this time.

Q Was it "about 500," or was it 508?

A It could have been. I think it was 508.

Q And when you called Col. Lincoln, did you tell him you needed another shipment of widgets for Project Snowball?

A That's precisely the words I used with Col. Lincoln, sir. Col. Lincoln's main concern at this time was, keeping in mind we already have all this history behind us of all this trial and tribulation on pricing and modifications on widgets, and he says: Chris, he says, my main concern is this guard force, he said. Are we going to be able to lift off? He said, I would rather you get down to the point where you know you're going to take delivery on them within 48 hours and, he said, I'll bring them up here just before the delivery.

Q Had he concluded that he could get the TOWs to Redstone in three days?

A Yes, sir, he did.

Q So he was going to wait, really, until three days prior to the delivery date?

A Yes. It turned out, though, that we had them up to a little bit longer than that. He was concerned about glitches, and he got them up there a little bit earlier. But the second shipment was set up precisely as the last, except with one difference.

[redacted] did not ask me to try to get MAC aircraft. He decided that the cost for the ground transportation was so cheap compared to the use of a MAC flight, that he said economically it made lots of sense, as long as we had the two-day notice, for follow-on transportation.

So he built the driving time from Redstone to [redacted] [redacted] into his factoring when he started negotiating for follow-on transportation [redacted] for the second shipment.

MR. SAXON: Let's go off a second.

[Discussion off the record.]

BY MR. SAXON: (Resuming)

Q To go back to the number of 508 missiles, did you ever inquire [redacted] why there was such an uneven, or curious number?

A Yes, sir, I did.

Q And what did he tell you?

A The answer was that they were working from a fixed sum of money, and that was how the numbers had worked out.

Q [redacted] told you, then, at some point to use Baggett Trucking again for this shipment. Is that right?

A Yes, sir, he did. As a matter of fact, that was early on in the second equation.

Q And did everything go down on the second shipment more or less as the first, except for the fact that there was no Agency representative present?

A There were two other factors. The second shipment was identical to the first, with these major differences. One is that we were delayed nearly six weeks before we executed the second phase. It was into early May, as I recall, around the 13th of May. It may have been a little bit later, but early in May.

The stress [redacted] was that one day at a time we were being moved forward--tomorrow we're going to do it; tomorrow we're going to do it. We'd fall through. Tomorrow we're really going to do it. That had been a lot of stress on us as we moved forward the six weeks from late February to early May.

But in terms of the execution of it, the execution of the second phase went very smoothly indeed. I by now had orders to leave DSLOG and go to Denver. I had set it all up, though. I had made the same arrangements with [redacted] [redacted] that I had previously. Colonel Armbright out of my office went down to watch the loadup and see the execution of it, and there is a lot of paperwork to handle when you're acting as the consignor for tons of explosive shipments.

Q This was Col. Larry Armbright?

A Col. Larry Armbright.

Q What was his position?

A He was called the Logistics Accounts Coordinator in DSLOG.

Q And once you left, did Col. Armbright more or less take over and do the things that you'd been doing on Snowball?

A He did on the third shipment on Snowball, sir. Crocus was essentially finished, except for a very few small hang-on details when I left. But Col. Armbright fully executed the third phase of Snowball after my departure, and he executed the on-ground phase of the second part.

Q And he went down, I think you told us before, on May 19th to Redstone?

A That is the correct date, sir. I had said earlier the 13th, but I meant the 19th.

Q And was there any reason why an Agency representative did not go that time?

A They begged off; plus, we already had their funds' certification up front, and they had agreed to sign a document as soon as Col. Armbright got back. The DSLOG leadership had no problem with that, since everything had worked smoothly the first time.

Q On the first shipment when the Agency representative went down, what kind of credentials did he have?

A Sir, [redacted]

Q So if we talked to anyone in the course of this investigation at Redstone and they said [redacted]

A [redacted]

Q Now did you get a call from Col. Armbright on the morning of May 20th telling you that everything had gone okay?

A Yes, sir, I did.

Q And that meant that the missiles had departed by truck to--

A With no incident, yes, sir.

Q --toward [redacted]

Now did this end your involvement with the TOWs, except for the billing?

A Yes, sir, it did.

Q And more or less at this point, Col. Armbright took over and handled the third shipment of TOWs.

A Yes, sir, that's correct.

Q The charges from MICOM that had to be paid back before you left came to approximately what amount?

A Sir, as I recall, about $5.5 million.

Q Would $5.6 million sound about right?

A Yes, sir, it does.

[redacted]

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[redacted]

Q Now do you have any knowledge of what actually transpired with I guess the first and second shipment of TOWs, and any shipment and payment for the HAWK repair parts before you left in terms of getting monies from the Agency to the proper command?

A Sir, the HAWK parts were not paid for when I left. They had been shipped and received successfully.

Q So let's confine your answer then to the TOWs, the first and second shipment.

A I did receive payment for the first and second shipment of HAWKs from the Agency. What happened was, as I got closer to departing, I kept calling Chris Leachman. He finally got me a bill together for this roughly $5.6 million, which covered again the costs of the missiles and the ancillary costs MICOM billed us for.

I hand-carried that bill over to [redacted] and he said, I will have checks for you within just a few days, and he[illegible]d. And he asked me to come over and get those from h[illegible] I did. [redacted]

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[illegible] Now to your knowledge, did MICOM ever receive their $5.6 million?

A As a matter of fact, they got it very quickly; because from the day that our classified courier hand-carried the checks over--this was all within a couple of weeks of me getting the bill until we had the payment back from the Agency--within 30 days of Chris Leachman presenting us his bill, we had the checks on their way to MICOM. I know they were received, because before I left DSLOG in late June of '86, and they were billed in late May, they had their money down at MICOM, [redacted]

Q And when you left in late June, that would be the extent of your knowledge?

A That was the extent of the monies that had been paid to us, and I did know it, because until I left I exclusively handled the billing and the payments.

Q But whether those checks were properly deposited, whether they were properly--

[illegible] Don't know. But I know that they have [illegible]fully arrived down there prior to my departure.

MR. SAXON: Okay. I'm ready to go to the HAWK repair parts.

Roger, do you have anything on TOWs?

MR. KREUZER: No.

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BY MR. SAXON: (Resuming)

Q On the HAWK repair parts, as I understand it in early March of 1986 Gen. Russo called you up to his office and introduced you to [redacted] Is that correct?

A Yes, sir, that is correct.

Q And how did he make that introduction to you?

A He said, Chris, this is [redacted]

So he said, "This is [redacted] [redacted] Now he is in his office, the ADSLOG's office. "Chris," he said, "We're going to follow the same rules on this project that we did on Snowball." He said, [redacted] [redacted] though, this time has a list for us of a whole bunch of things that we need your help with."

Q And he physically had in hand the list of what?

[illegible] Which he handed to me, a list of 14 Xeroxed pages [illegible] been field-typed by somebody--when I say "field typed," because the typing was a little erratic, a lot of misspellings, and skipped spaces; it was not a professional piece of work. But there was no agency stationery listed. It was plain bond paper with typing on it of stock numbers,

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nomenclatures, quantities, and prices.

Q Do you recall how many line items of repair parts there were for the HAWK missile?

A I want to say, sir, there were about 248. I know that at the end the numbers varied between 235 and 250 as we massaged the list. And again, Gen. Russo explained the rules. No paperwork. The request is going to come over. No written staffing memo. And the urgent requirement on this one, which was almost impossible, was that we give [redacted] [redacted] back an answer within two days: Could we support all those things on that list?

Q So you were asked to ascertain within 48 hours whether the Army had and could supply these 234 items?

A Yes, sir. A brief transcription of what followed that same day. This is probably early afternoon. I went down to my office and by 4:00 o'clock that day Col. Armbright and I had figured out that at least about 14 different Army and DLA Commands were involved, and we said it was absolutely impossible to deal with so many different [illegible] in such a short time.

At that point, I made the decision to go to the major command level. Again, even though Gen. Russo's guidance was "minimum number of people," I just decided that the time frame was so compressed--and I went up to tell Gen. Russo I was doing that. I told him that I had gone to a

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trusted point of contact at DLA, [redacted]

Q DLA is the Defense Logistics Agency?

A Defense Logistics Agency. They're headquartered at Cameron Station, Virginia.

Q And you went also to AMC?

A To a gentleman, [redacted]

Q And AMC?

A Yes.

Q And that stands for Army Materiel Command?

A Yes, sir. It's the Army Materiel Command. These are the two principal commands in the Army, in the defense agency, for managing materiel at the major level.

Q Okay. Before we get into those discussions with the individuals at DLA and AMC, let me back up. When you were meeting with Gen. Russo and [redacted] did [redacted] tell you who your point of contact would be at the Agency?

A Yes, sir, he did.

Q Would that also have been [redacted]

A Yes, sir, it was.

[illegible] Did you say anything to [redacted] about the use [illegible] airlift on the HAWKs and whether anything needed to be done differently?

A Yes, sir, I did. As a matter of fact, once he had identified to me that [redacted] was the action officer, I immediately then surfaced the problem of the tarnished

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relationship that the Army had created out of my office with MAC, and said that I wasn't anxious to damage these points of contact again, and that in fact MICOM--or that MAC legitimately had complained about the way we had processed this.

I said, [redacted] told me that funding was the issue. I said, can we do better this time? I said, because if we're going to need MAC--and again that was the scenario, that [redacted] felt we would be using MAC at some point in the process, I said, we had to do a lot better. I said, we could not afford to continue to damage the relationship by faulty planning. And they said they would do better. That is more or less how we left that that day.

Q All right. When you contacted the folks at DLA, you said you dealt with [redacted] Is that correct?

A Yes, sir, that is correct.

Q And did you contact an operation there at DLA called [redacted]

A Sir, that's not quite the right word. It's called the [redacted]

Q And then at AMC, the Army Materiel Command, you contacted a civilian by the name of [redacted]

A Yes, sir. He's in the [redacted] at AMC. That's such a giant headquarters, I thought I'd narrow you down to where he is out of the thousands of people there.

Q But ultimately, I believe you dealt on a day-to-day basis with two other individuals at AMC. Is that correct?

A One other individual at AMC headquarters, sir, and two other individuals at MICOM. The other individual that picked up the mission from [redacted]

Q Spell that.

A Spelled [redacted]

Q And were the other two individuals John Chapman and Bill Reyer, R-e-y-e-r?

A Yes, sir, they were, at MICOM in the HAWK Project Manager's Office at MICOM.

Q At Redstone Arsenal.

A Yes, sir, at Redstone Arsenal.

Q And did you give these individuals the list and tell them to start working the requirement?

A Yes, sir. Due to the very short time constraints, I wasn't able to have nearly the tight control over paperwork I had on the previous mission. I gave Xeroxed copies of the lists to both DLA Headquarters and to AMC Headquarters, and what AMC did that same day that I had got the list is they Data-FAX'd a copy of it down to MICOM Headquarters. A Data-FAX, for the record, is a telephone transcribing system that gives you an almost exact copy out of the telephone wires about 15 minutes later.

Q And I believe you physically went to AMC and Col. Armbright physically went to DLA?

A Yes, sir. We split the mission up again.

Q And what instructions did you give to any of the people with whom you dealt in terms of how this was to be done, records, number of people involved, et cetera?

A Well, I couldn't give the same instructions to AMC that have been given to me. I told [redacted] that we wanted to limit the number of people to the absolute minimum number possible. I said, let's consider this matter classified at the Top Secret level, I said, but we have to handle some of it as a white world mission. And that was how we decided to hand it.

Again, those operational decisions day to day were mine. It was easiest to protect the materiel by pretending that this was a regular, normal white world operation; that there was a list of items that AMC needs, not tying it to

DSLOG right away, just get down there. We need immediate capability to assess this list of items. That's how it was done, as a white world type action. Although [redacted] understood that the entire operation was a highly classified operation.

Q I believe you told us in April that within 48 hours Chapman and Reyer had identified all but 20 items on the AMDF. Is that correct?

A Yes, sir, that is correct.

Q And did Simpson--excuse me, did you then call [redacted] within 24 hours saying that you could meet the requirements but you would have to revise some of the stock figures?

A Not only some of the stock figures, sir, but some of the prices as well. It would appear that some of the prices that the fellows had were years old, and there were some very material changes in the prices on several of the items.

Q Did you ever ask [redacted] where he got his list?

A Yes, sir. That became of material interest because Mr. John Chapman, the technician, technical engineer we will call him, at MICOM was very concerned about it. He said, based on the list that had been provided, he said, he kept detailed records on all sales of HAWK missile systems to all U.S. customers worldwide. He said, based on such an extensive list, he thought that other parts, too might be near the end of their useful life. He said if I could give him the serial numbers of the systems, he could look them up on his records and provide us even better support.

He was concerned when I would not give him that data. Obviously I went back to [redacted] asking for it, and he simply would not give it to me.

One other issue, too. Unlike the first project where they did yield to prices, [redacted] on the second project that money was an absolute tight constraint. There was a fixed amount of money for the project. And as the prices had gone up on some items, some of the investing that [redacted] and I did on widgets, there's 239 different lines items, had to do with some items cost more than he had originally intended. And some of them got cut down.

That happened. There were other items that were cheaper. All of that entered into the equation.

Q Now is it correct that with the people you were working with, ultimately all but seven items were identified? Does that sound right?

A Sir, that does sound correct, to the best of my recollection. Some of the items have simply been typed in there. I had some generic nomenclature on the list that [redacted]

[redacted] had given me. Between the nomenclature and various parts of the stock number, Mr. John Chapman, through excrutiatingly detailed detective work was able to put together the right part by process of elimination.

Q Did Chapman and Reyer ever ask you if a customer was actually going to use this stuff?

A Yes, sir, they did.

Q And what did you tell them?

A As a matter of fact, I believe that I told them that we were going to use this, and use it right away, and that it had to work. It had to be in condition Code Ac. That was the issue.

Q Let me ask you about propositioning at one location. You indicated these items in the inventory were scattered around at different depots. Is that correct?

A Yes, sir, that is correct.

Q What was the prepositioning issue?

A There were two issues. First of all, the real reason for the propositioning was that I felt, having talked to [redacted], that he was only going to get two days' notice again, like we had on the phases of Snowball.

Having had two three years of experience at this business, I realize that with--I think we had nearly 27 different locations involved, and that was 27 different locations belonging to I believe 9 different major commands of the Army and the Defense Department.

Q Was there that one Air Force Command involved?

A Yes, as well. In addition. and I felt that that was certainly going to test Murphy's law terribly if we tried to get that successfully done in 48 hours.

I recommended to [redacted] that we preposition. I said, I'm going to need money to do that.

Q And that simply means to consolidate them all into a single location?

A Yes. My plan had been to consolidate them. I had tried to find out from [redacted] where we were going to ship things out of. He was very close-mouthed, but he finally consented to the fact that, well, somewhere around [redacted]

And I picked [redacted] to proposition the Army items--

Q Is that in [redacted]

A That is [redacted]

The issue on the propositioning was this: I want to see [redacted] to ask him if he would fund this effort. Now keep in mind, I have no letter yet certifying funds.

Q Was that the reason you did that, because DLA insisted that they would not preposition unless they had funds?

A Well, yes. But the Army wouldn't, either. Neither of the two agencies would. The Army AMC headquarters wanted a certification from me that I would pay this bill, and I had told John Chapman and Bill Reyder that based on other dealings I had had with the people I was dealing with, that we could get delayed on this weeks at a time.

Well, once the costs are incurred, somebody wants to bill. [redacted] again a gentleman of his word, promised me that even if the mission aborted he would provide me our expenses covered for the Army activities. He said, I'm not going to pay you for the daily activities. And, he said, since they won't do it without a specific fund site--AMC was willing to do the work without a specific fund site as long as I certified the ability to pay the bill.

Again, because I was dealing with long-time contacts, they trusted me. DLA would not do it without a fund site, but [redacted] did agree to do what he could. What he could do was that each of the DLA depots he had the items at that depot segregated on a pallet and marked for my special project.

Q So the repair parts were prepositioned in

[redacted]

A For all of the Army spare parts which, I might mention, was a large chunk of the materiel. The DLA part was a smaller portion both in dollars and volume.

Q So they were not propositioned, but they were separated out--

A And in fact, sealed up in plastic and everything else. They were basically ready to ship. That was a lot of work.

Q And when the parts were prepositioned, were there some items that had not arrived?

A Well, they the parts were propositioned, to start with as we prepared to proposition, we found out that items that had been listed on DoD inventory records, keeping in mind that you're going to look at a record one day, and records are made as of cutoffs, that some of the items that other items had come in or gone out of the shelf since the last inventory update, and we had to change some other quantities and figures based on what we were finding on the shelf as we pulled things.

That wasn't the last preposition. That wasn't the last change, John.

Because once we determined what was on the shelf, I made up a list for Gen. Russo of critical items. John Chapman and Bill Reyder talked to me at length about Army capability to have another item manufactured, and what was the average demand time.

So, for an example, I might list an item that the Agency may have asked for three of widget X. Widget X is only used once a year by the Army. So we would give two away and keep one, because we felt a year was long enough to obtain some more items for the stock.

Q All right. Let me ask you a question or two about readiness, then. Did there come a point at which you put together a matrix on readiness, with availability in the inventory, manufacture time, and so forth?

A Yes, sir, I did that. And I kept detailed notes on that in my office. The list is a working, worn-out document at this point, but it is still there for the record. It shows how the numbers changed, and we lined things through, and marked "not available."

Other items we substituted, as I recall, or provided higher assemblies on probably 10 percent of the items. The Agency did pay us our asking price for the higher assemblies as the replacement item.

So besides the seven that we couldn't find--sir, it was a very dynamic list.

Q Let me ask you about Pre-Phase II PIP configured, or product improvement program configured HAWKs versus the issue of interchangeability. Can you explain that a bit for me?

A Sir, the term Pre-Phase II configured was a term used by MICOM to describe generically all of the parts that the Agency was asking for. The Phase II Product Improvement Program at MICOM took the Army HAWK missile system and gave it modern electronics, and a much more accurate guidance system, radar guidance system.

Q Now the HAWK system, for the record, essentially involves three things, as I understand it: the radar, a pilot system, and a computer. Is that correct?

A Yes, sir, that is correct. Plus the fourth part, the missile itself.

Q Continue, then, and tell us about this modification.

A The modification is very important in understanding this whole project, Project Crocus, because when the electronics were changed on the HAWK missile system and the electronics were completely overhauled, cables, sizes, whole subassemblies and major assemblies were pulled out and replaced by whole different items.

The end result was that after the Phase II Product Improvement Program was done, and you have a system now called Post-Phase II configured, you could no longer take hundreds of your repair parts that fit in the old system and put them in the new system.

Q Now this was not true of all parts, but it was with some?

A A majority of them. A majority of the parts now were new state-of-the-art products, and the new ones also would not fit in the old ones. It was because the electronic configurations themselves were changed.

When the subject came up of asking for Pre-Phase II PIP configured items, MICOM offered to retrofit. That is, for the layman, bring all of the old systems back to their depot at Letterkenny, overhaul them, and for the sum, as I recall of about $600,000 a system completely overhaul and bring up to state of the art, and plus they offered at the same time to go over the entire system and check the useful life of all the parts to make sure that we basically had a completely Class A condition code system.

Q And in fact was it not the requirement that we were trying to do that for all of our allies who had the HAWK system?

A Yes, for two reasons. One is to bring all of our folks to state of the art. Two is to reduce the terrible expense of inventory that was being caused to be maintained in two separate inventories for two different systems. Plus the newer one obviously gave the owner a capability to have a better defense.

Q Did you ever go to [redacted] with this proposal that the entire system be reworked?

A Oh, yes, sir. As a matter of fact, we studied that carefully enough that we even offered him a specific time that it would take. He came back and absolutely rigidly declined that.

Q Now if I understand what you're saying, the proposal from the people, Mr. Chapman, Mr. Reyer, others with whom you spoke, was that for not a whole lot more money the entire system could be rebuilt, rather than simply tinkering with it with some of the old parts that were provided by the Agency?

A Yes, sir. And Mr. Reyer had another concern that fit in with this. He felt, based on the list provided, that whoever had put it together didn't know precisely what they were doing, because he felt too many of some parts had been requested, but not enough others. Some of the parts that had been requested he said would have indicated that another part had failed, but he said they didn't ask for that part. And he was concerned that we weren't going to get a good job done based on the list that was provided.

Q Did he tell you that whoever put the list together lacked technical capability?

A Yes, sir, he did. Mr. Chapman, who is an engineer, told me that.

Q And what did [redacted] tell you when you went to him with this proposal?

A Well, to start with, John, at the time that I went to [redacted] at the list, and this was after Mr. Chapman had told me that he felt it wasn't technically proficient, we asked him to go back and have it reviewed at the source of origin, and asked him if we--we even offered to provide a technician to go to the site to look at it, and that also was declined.

John Chapman felt that one of their expert technicians would do a better job than whoever had put the list together. [redacted] declined that, and told me at that time that he had no capability to go back to the source of origin and get the list modified.

We were still concerned at that time about the missing seven items that we couldn't identify. We didn't know whether they were critical, or not a critical part for the record. It is a part that you have to have to fire the system accurately, and you can only be missing one critical part and a whole system won't work properly.

So we were very concerned about the seven missing items that we couldn't identify, not knowing whether they were critical or not. But we clearly established that we had no means [redacted] to go back to the source of origin and get the list modified or corrected.

Q And did Chapman actually ask you for the destination so he could then look up the stock numbers of the user's system and know what parts would be useable?

A Yes, sir, he did do that, and that was declined.

Q And did you also ask [redacted] why you couldn't just provide the customer with new parts?

A Yes, sir, I did.

Q And what was the response there?

A The response was that he wasn't interested in that. There may have been more, John, now but that whole--we had that conversation as clear as a bell, but all of the details--as I recall, to help [redacted] was telling me was that they had Pre-Phase II PIP configured radars, and that these were to replace broken items or damaged items, and he intended to use them as they were and didn't want to wait. That was the issue, the waiting time.

As I recall, it was six weeks a system, although they could do several at once, to modify the radar systems at Letterkenny after receipt of shipment.

Q Let me ask you a question about the pricing on the HAWK repair parts. Did you instruct Chapman and Reyer to follow the standard price on all parts with the idea of being that neither the Army nor DLA lost money?

A Yes, sir, I did. As a matter of fact, that was my general guidance to both MICOM levels, and we let them manage. The data fed up through their lower commands to the major headquarters, and then we went over and picked up the prices that they provided to us.

Q And you paid the prices the commands gave you.

A Yes, sir. But when we say "we paid," we preferred fund certification in a message that I wrote myself in April that certified to the commands every penny, and we provided specific fund cites.

I do know that at the time I left, we had not been billed. I am further aware that even when I came back to first testify to the FBI, that we had not yet got a bill from either of the Commodity Commands for the items shipped on Project Crocus.

Q On Crocus, did [redacted] tell you to wait until everything was priced out before he sought to get the funds?

A Yes, sir. I might mention that in the early days of this project [redacted] was keeping up with me. I was also talking to him, [redacted] about the dynamic environment every day where some times are not on the shelf, some substitute, some hire assemblies.

He said, I'm not even going to go for it. He said, I'm just going to flat tell the people I'm dealing with, [redacted] and Company, that we're not ready to take delivery on this until you get more concrete on where we are. It was kind of at the point where I had items prepositioned at Redstone Arsenal, [redacted] and at the

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DLA Depots, and we had counted items and priced them that then we got pretty close on the price.

He did bring to me before we made the shipments the funding authorization for all the money that I had asked him for, plus about 3.5 percent of the gross total to cover a statutory Army requirement which covers packing, crating, and handling costs, which he objected to paying, but he paid anyway. So he provided us early on, and it is no fault of the Agency that the bill had not been paid by November.

Q Did you ever have a discussion with Tom Taylor of the General Counsel's office regarding Project Crocus and the amount of money involved, and Congressional notification?

A Sir, I'm sure that we did.

Q I believe what you told us in April was that Tom Taylor told you that because the amount involved was greater than $4 million, then the Congressional notification issue that had been discussed on Snowball would also be operative with regard to Crocus.

A Yes, sir, that is what I recall I told you.

Q And do you remember talking to [redacted] about this issue?

A Yes, sir. The modus operandi [redacted] is that Crocus was going to be handled [redacted] the same way Snowball was.

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Q And do you know if Gen. Russo again raised the issue with Gen. Powell?

A Sir, as I recall, he did do that. Except that by this time, or right in the time when I'm a little fuzzy, Gen. Powell was getting ready to leave and Admiral Jones took over, and he may have discussed this with Admiral Jones. I know he went up to speak to the aid to SECDEF.

Q The military assistant?

A Yes, sir.

Q and the word came back that the Economy Act governed these transactions, and the customer would notify the Congress?

A Yes, sir, that was true.

Q The customer here, the recipient agency being the CIA?

A Yes, sir, that is true. And that did come back from the military assistant to the Secretary.

Q Let me ask you what your reaction would have been if you had known that the ultimate destination of the HAWK repair parts was Iran?

A Sir, as I told you on earlier missions, because of my work with [redacted] and all the people we were trying to arrest that were selling things to Iran, I would have--I am convinced that if Tom Taylor and the General Counsel had known that, he was very, very careful about guarding the interests of the Army and me. [redacted], and I feel strongly that the minute that he would have known about it, he would have been the first guy besides Gen. Russo that I would have told. And I feel that, had Tom Taylor known that, that the course of events would have been different.

Q Let's go back to the issue of readiness and ask you whether there was any depletion that would have been the result of meeting the requirement on HAWK repair parts, total depletion from their inventories?

A Yes, sir. Some number of items that the Agency asked us for were not only in very low balance, but they had asked for a very low number. And again, when I met with Gen. Russo, John Chapman at MICOM had estimated they were trying to refit [redacted] systems.

Let's take the example of [redacted] one of the items I recall that they asked for. This was an item you had to have to fire the missile system successfully. So then we had to make a decision, if we didn't give it to them, where are they going to be able to fire it? And obviously there wasn't any point then in giving them a whole host of items for "a" system, if they wouldn't give them the one thing that they had to have to operate it.

So criticality did drive both what we were willing to support and what we didn't give them. We did cut down some critical items that were necessary not to deplete the entire stock, but it was a very complex matter. We did reduce the stock we provided on many items.

On some, as we discussed in April, after we reduced the number we were going to give them, after an appeal on their part, we raised some of them back up somewhat.

Q That was the appeal by [redacted]

A Yes, when he appealed. We didn't do that on all of them. On some of them we were just flat out that we wouldn't do that.

Q And were there some items that [redacted] did not take because they were more expensive than the initially requested item?

A Yes, sir, any number of items. That was driven by the fact that he did identify to me, after we had done all his work and we had priced out the stuff, he'd come back with a list for me one day which should also be in my records, his working list, where he had chopped off the quantities I had offered and provided a reduced quantity. And I said [redacted] I said, I've already got this stuff segregated, and now you're telling me to change again. I was having visions of the same sort of snarl in Snowball. He said, Chris, it's simple. I have a flat fixed budget on this and, he said, we have to stay within the total dollars that I had when I started. And, he said, I have a few more dollars than the total package when I started, he said, but as prices have gone up and down on the replacements and the subassemblies, he said, I've had to alter the quantities.

Q So it was your understanding that he had an absolute ceiling of money?

A Yes, sir. It was very clear on this particular project.

Q And I believe you told us in April that when the amount got up to over $4.1 million, he started getting excited?

A Yes, sir, that is true.

Q So would you take it that that was the amount of money that he had? That was the ceiling?

A Sir, knowing how those folks worked, he might have had another $15,000 to $50,000, but I doubt he would have had any more than that. They normally when they were estimating Army support knew that our incremental costs were unpredictable, and they would normally add a certain percentage to account for variability.

Q I'm not sure if I asked this before. do understand that you told us that the price list, or the list of items that [redacted] initially gave you came from overseas. Did you ever ask [redacted] overseas? Or who prepared it?

A Yes, sir. That issue surfaced early on in the first few days of the Crocus Mission, because we couldn't read some of the items. It tooks hours and hours and hours that really the Taxpayer paid for, I say that because whether the Agency paid us or MICOM paid us, John Chapman who's an engineer and his assistant Bill Reyer are both engineers. These are highcut individuals who spent many hours deciphering through detective work this list.

[redacted]

Page 160, 161, 162, and 163
DENIED IN
TOTAL

[redacted]

The other issue was that I had never heard the White House's name mentioned in the three years I had been at DSLOG as controlling the decision on funding on a project.

[redacted]

Q Did you ever get into the issue with [redacted] about how the Agency was going to price these items once they left the Agency?

A No, sir. [redacted]

Q So just for the record, no one ever told you that the White House was going to take the HAWK parts, for example, and simply multiply by 3.7 to come up with the figure that they would use for the pricing?

A No, sir, I am not. I am certainly aware of it now, having read the papers and watched the news, but at the time it would not have entered my head. That was one item that did not, that they were going to resell the stuff. That was not their basis of operation.

Q And to close the loop on the HAWK repair parts, they were transferred to Kelly Air Force Base? Is that correct?

A Yes, sir. All of them were, initially.

Q And then they were transported to [redacted]

A By truck, yes, sir.

Q And did you ever get a call from [redacted] saying that everything had gone fine and they had lifted off?

A Yes, sir, I did.

Q Now let me ask you about--

MR. KREUZER: Can I?

MR. SAXON: Sure.

MR. KREUZER: Again on this call from [redacted] when did he call you?

THE WITNESS: Sir, without my notes--it's been enough months now--I would just have to tell you that generically based on the date that we executed this mission, we had two days, which we actually took about three-and-a-half when we were all said and done--even at the end, Murphy's law worked against us a little, and even with the prepositioning we still had eight different locations, seven at DLA and Redstone to deal with, and there were still, as we counted, a few items that didn't get to the assembly point. So it took us until about the end of the fourth day to get it all assembled at [redacted]

And whatever day that was from--and I have a message in my records, John, that you could look at that gave the execute date and time. I don't remember what the date is, but it's called "Support of Project Crocus." That was the same message that certified the funds, and it also listed everything we were asking for. The prices that are in that message are the prices that have been fed up to us.

It was about three days after that, Roger, that we got a call from [redacted] to tell us that everything had gone successfully. He declined to tell me how they had left.

Once again I think, just in the news that has been made available to me as I've watched the testimony, it would appear as though I didn't get the whole story on how they left [redacted] because I was told that we were not using Defense assets, and that appears not to have been the case.

BY MR. SAXON: (Resuming)

Q Let me ask you about the HAWK radars. I believe you told us in April that the ANMPQ-48, the two radars that were requested on this initial list, were [redacted] Is that correct?

A Yes, sir. [redacted]

Q And what was the price of one of those radars per item?

A Sir, as I recall on the old one, and there's two different numbers that come to me months later, one is ANMPQ-46. I think the 46 was the earlier version, the Pre-Phase II PIP configured radar, and that the 48 was the later version.

The older version was about $3.6 million a copy, as I remember. I can tell you almost anything you want. That was a very interesting saga as we went through that.

Q As I understand, the radars were not on the initial list itself. Is that correct?

A No, sir, they were not at all.

Q [redacted] said he wanted to add them, in essence, $7 million worth of radars. Is that right?

A Yes. And I was benefited by two pieces of advice. I went up to seek advice from my old friend Tom Taylor. I said, Tom, tell me about this. And he said, Chris, for that amount of money, he says, you can't consider that part of the same request. He said, we've turned repair parts into multi-million dollar end items. He said, I think you need to tell Gen. Russo that this ought to be a separate request.

So I want down to see Gen. Russo. He said, you [redacted] tell him that is a separate request. And, he said, frankly--and Gen. Russo and I are both short now, both of us are leaving within a few weeks. He says, [redacted] that needs to come over through the [redacted] That's what we told [redacted] send that over and put it on the piece of letterhead.

Q As a traditional request through the [redacted]

A As a traditional request. And that's what Gen.

Russo advised me. I called [redacted] and told him that. He didn't have any problem with that. He said, fine. The next question was, go get some.

Q He asked you if any were available?

A And we found out very quickly that there were only two in the entire Army inventory stored at Letterkenny, the property of the Iranian Government, kind of up on blocks in cold storage so to speak for about seven or eight years.

Q These were the ones that were part of the assets?

A That were frozen at the time that Jimmy Carter froze Iranian-owned assets in the United States.

Q And who told you that? Mr. Chapman?

A John Chapman did. And it wasn't very long after that until he told me that it also took--he said, Chris, he said, you can't just tell me you want these radars. He said, there's a whole host of players involved. He said, you're going to have to get Treasury, State, and the White House.

He said he didn't know all the names but I believe, John, that he gave me the name. It could have been [redacted] in the Office of the Judge Advocate General. One of those two gentlemen within a day or two had given me the names of the key players, and I had all of them.

There were three different DoD offices, as well as the Treasury Department, the State Department, and the White House.

Q Was the Defense Security Assistance Agency also involved?

A Yes, it was; the Director was; but there were other DoD offices, as well as that. I want to say that two critical names ring a bell: Diane Blondell and Sally Cummings, but I don't remember which place they were anymore.

Q I believe Sally Cummings was at Treasury, and Diana Blondell was at DSAA.

A Okay. There was another gal, though, that was a main player in this. That was the gal with the State Department. Anyway, I talked to the gal at the State Department.

Q After you got these names either from Chapman or from Bathan you began to make your calls?

A Yes. I called the gal at the State Department, and I also talked to two of the different people in the DoD agencies. I talked to somebody at the Defense Security Assistance Agency, and there was another office, and I want to say Office of Technology Transfer was the DoD level office that I talked with the Lieutenant Colonel in.

He told me that he personally didn't have any trouble at all, but that he needed to know where they were going. Again, the Office of Technology Transfer, he says they sure aren't going to go back to Iran. That's what the guy in the Office of Technology Transfer told me. He said, we don't ever have any intention of giving these back. He said, I don't have any problem releasing them, but we need to run an interagency staff paper. The gal at the State Department told me the same thing.

She also told me that day she was against releasing them, she said, because they were in the middle of negotiations with the Hague right then and there with Iran on release of all these assets and reparations. So she said, for the record I'm against it, she said, but I'm willing, she said, if the White House is going to support it, to be behind you.

And, she said, what we need to do is have all us sit at a big table in one room--she says, we can do it over here in my office--and she said she knew these other players. All these names of these people were all connected together. They all knew each other.

Q And this is Blondell you're talking about?

A Well, the gal at the State Department. I think that Diane was at the State Department, as I recall. She may have been at one of these. But the gal who was at the State Department, knew all the other players, was willing to help me run an interagency staff action so I didn't have to run all over the City. That is, we would sit all the players at one table and come up with a position paper where everybody would chop on it and I could take it away with me.

To my consternation, about a day later Gen. Russo called me up and said he had had a call from [redacted] to complain about my doings. This was the first complaint I had ever had from Gen. Russo in three years.

Q Now had you contacted [redacted] before you started making these calls to tell them what you were going to do?

A After I had found out that they were available, I told [redacted] a lot of work needed to be done to get them released. He told me to go ahead with that. I hadn't given him any details of it. He just said, well, go ahead and get ready to do that.

Q As you understood it at the time, you were doing what was necessary to execute--

A Absolutely. And at [redacted] request.

Q So Gen. Russo called up to say that [redacted] complained?

A [redacted] they were Iranian-owned. The two radars are Iranian owned. I told him that there were a lot of people that needed to get involved to get them released. He said, go ahead and get that done.

The next thing I knew, [redacted] had called Gen.

Russo about my conduct and said the word had gotten back to him to the Agency that I was muddling around in this throughout the government, and to cease and desist immediately, and who in the hell gave me authority to do that?

So I was a little bit concerned, and I told Gen. Russo was I was working [redacted] and I hadn't had any complaints from him. He knew that they were Iranian owned. So anyway, we ceased and desisted for just a very few days. A few days later, [redacted] says, we're back on the radars. He said, we need to get them inspected to see if they work.

You can imagine how I felt, but I said we'll go. And John Chapman, in about two days, gave me an estimate of the dollars it took to get them inspected. That was one of the pieces of paper, John, that we did get from [redacted] [redacted] was funding to go and inspect and fix some parts on the radar. There were some small parts that John Chapman felt would have deteriorated in the eight years.

Q Let me back up a moment before we get to the testing of the radars and so forth. Do you recall your reaction when Chapman first told you that these radars, the two that were frozen assets, belonged to Iran?

A Do I recall my reaction? I may have told you back in April, and I'm not sure anymore, I certainly was

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surprised. If you want to lead the witness a little bit, I'll help you lead me. I'd say that at that point there were glimmerings of wondering.

I knew that we had a country that didn't want to participate in the modernization program. We had a list that we couldn't get to the customer on. I would have started narrowing my choices at that point, if somebody had asked me. To tell you the truth, the times were so busy I didn't have much time to do much idle thinking and speculation.

Q Well, after [redacted] called Russo, and Gen. Russo passed along his displeasure that you were checking around town, you communicated that back to [redacted]

A Oh, he and I had a pretty frank one-on-one, [redacted] I told him what I thought about all this. I said, fella, when you tell me you want something and you want me to go after it, I said, somebody in these places is a blabbermouth and, I said, I feel kind of at a disadvantage.

I said, if you hadn't wanted me to go do it, I said, you should have told me that when I told you that I needed to get a lot of parties involved.

Q And was it at that point that he told you just to kill it?

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A He told me to kill it, and don't talk to another soul about it was the guidance at that time.

Q So at that point you assumed that the radar issue was dead?

A I did.

Q Now a couple of days later, about four days later, you say he called you back?

A He surfaces right back up again.

Q And then he wanted two post-Phase II radars, I believe?

A That was the next project. This caused great consternation and anger down at MICOM. I've got two engineers now that have worked literally hundreds of hours over a period of several months with me trying to do their damnedest. They've really pulled out every stop doing an outstanding job.

John Chapman says, Chris, what in the hell do you want two post-Phase II configured radars for? He said, surely they can't work with any of these systems you've got. He said, are these going to the same country?

I called [redacted] to ask him that. He said, I'm not going to address that. He said, treat this as a separate request. Of course, on its face it looked like all part of the same project. I'm going right to the same guys, the same time frame, same office of DA. John was really mad. He went around and he found a couple of post-Phase II configured radars. One of them, as I recall, was being modernized for the Marine Corps, and we were going to give them a brand-new one off the manufacturer's assembly line and take the one that was being modernized.

That was one of the two. I think we had one in stock.

Q When you asked [redacted] whether these were for the same customer--

A He just said, I'm not going to answer that. He never said they weren't. He just said, I'm not going to answer that. He never said they weren't; he just said, I'm not going to answer that.

Q When he asked you about the two Post-Phase II radars, did you communicate that to Gen. Russo?

A Yes. And Gen. Russo I think had the same concerns I did. He said, it didn't make any sense. He said all these so long had been 100 percent consistent; they didn't want anything to do with Post-Phase II configured items, and all of a sudden when we told them something Pre-Phase II wasn't available.

And then we went a few more days after this scenario, John, and we dropped that issue, and we went right back to the Pre-Phase II configured radars.

Q On the testing issue?

A Yes. We told them--one of the things I'm not sure [redacted] knew, since he's not an engineer or a HAWK person, is we told them there was no way to use any part of that Pre-Phase or Post-Phase II system with the old systems. I said, the electronics are completely useless if you have the old system. I said, it's not usable. And I'm not sure he understood that when he first came to us asking for that as an alternative.

Q On the testing did you indicate that you would need certification of funds in order to go forward?

A Yes, sir, I did.

Q And that was provided?

A And those were provided. And we did go forward and test them, and they were found out to be usable with only minor repairs required, less than a few thousand dollars.

Q And the amount of money for the testing, I believe, was $24,000?

A Yes, sir. I was going to say just under $25,000.

Q Now I believe you indicated when you were making your calls around on the Pre-Phase II radars you talked to someone in the DoD Technology Transfer Office?

A Yes. It's called the Office of Technology Transfer, sir.

Q And he told you that it didn't matter what

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negotiations were going on in the Hague, we weren't going to provide this to Iran. Did he say why?

A Well, okay. By the time I talked to that Colonel, I knew that the State Department was against giving them up, period. They didn't want them taken out of the inventory. What the State Department gal told me was they were going to pay Iran for those things. There wasn't any thoughts on her part, either, to give up the radars to Iran. She didn't want the negotiations, which she said had reached a very delicate stage, to be disrupted.

The Colonel said, I don't really give a rat's ass about the negotiations--I'm quoting him--he said, because we're never going to give those back to Iran. He said, as far as I'm concerned, if you give the money to the Treasury Department--there was an office over there that was kind of their representative to put money in for the reparations account--he said, as long as that money is in there, before those radars leave Letterkenny, he said, I don't have any problem with that.

He also reiterated that the State Department and other DoD offices, including DSAA, the Defense Security Assistance Agency, needed to all be players. He said he felt that Mr. Weinberger's representative also would want to have a part in it, meaning somebody out of Mr. Weinberger's own office.

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And he also, I think he also said the DUSD policy, and this is Deputy Under Secretary of Defense policy.

Q When you were talking to the Colonel in the Office of Technology Transfer, you told us in April he said we weren't going to give them to Iran because they were our enemy? Is that right?

A That, plus he said under the Arms Export Control Act--once again, I was very familiar with this Act; the Colonel was, too--under that Act, we weren't giving anything to Iran. Now we're here prosecuting people right and left in the Federal Courts for selling stuff to Iran. They were considered an enemy, and that was considered high technology, and that fell under the rules. The Colonel was very clear on that. That was stuff we didn't give nonfriendly countries.

Q Do you recall Diana Blondell at DSSA telling you that if she was going to go forward in processing this request, that you'd have to get a letter from President Reagan?

A As a matter of fact, I think that is what Diana told me. Different people that I had talked to around town had different views. When I called [redacted] and told him I would be happy to take care of that, I had no problem in picking up the phone and calling the White House. I had talked to other people over there in the past [redacted]

[redacted]

I said, I will be happy to go and deal with the--because the Colonel knew who to call at the White House. The guy up in the Office of Technology Transfer, I was talking to all these people. Kind of it was a fluid sit. You know, I was calling one person, calling another one back.

And when Diane did tell me that and I surfaced it [redacted] and just told him that I needed that, I said can we get that, or do you want me to go for it and get it? And that caused great consternation, too. He said, don't talk to anybody at the White House. Because I told him that I had somebody that would do it for us. And again, I thought he was interested in speed and accomplishing the mission. I'd heard the White House mentioned all along as the main party behind supporting the mission. It didn't seem to me, then, that they'd have any trouble supporting a piece of paper to come over to DSSA.

But that was where he told me, don't do anything else on that. He said, we will do all of the required paperwork, all of the interagency stuff.

Q At the time, did you find that curious?

A Yes, I did. This was highly unusual. Never in the past--I had worked on other complicated matters for the Agency that did involve other government agencies, and I had never had any problem going forward with them. Even in dealing with principals at other agencies--I would mention the Department of Transportation, the FAA, and other--they had never had any problem with me doing all the pieces to get a job done. That's because I was always doing them for Department of Army. [redacted]

That is when they flat asked me to back out. Stop. Don't do any more. We will do all the required coordination. When it's all finished, [redacted] we will come and tell you to go release the items.

Q Did Israel have any of our old radars on their HAWKs?

A Sir, Israel was one of the FMS clients. I don't know specifically what they had. I would not have thought--I'm speculating; MICOM could give you a better answer today--I would have thought, being one of the closer allies, they would have been one of the first modernized and wouldn't have had any old items left.

There were many countries that were fully modernized by the time that John Chapman and I talked.

Q If they had any of the old radars, it would be possible, I guess, for the Agency to request the two new radars on the theory--

A That would make sense.

Q --that they could provide them to say Israel, and then Israel could sell the old ones to Iran?

A Yes, sir. That would make sense. But I did not know any inklings of that at the time.

Q Do you have any knowledge of efforts in late 1985 to replenish Israeli stocks in either TOW missiles or HAWK missiles, whole systems?

A Sir, I have done some work for Israel, but not on those two systems myself. And again, if we did any other work it was not done by our office after Jeff Stevens retired.

Q Now I asked you from the outset about the issue of low-balling on price, and you answered no. Is it safe to say that the Agency on both the TOWs and the HAWKs wanted the lowest price possible?

A Yes, sir. I am convinced of that.

Q And do you think that on both, or on just the HAWKs, they had an absolute ceiling?

A Sir, I didn't get the impression on the TOWs that there was an absolute ceiling, only because that I went back to get additional money and we got it even though there was a lot of whining and sniveling. On the HAWKs, [redacted] was adamant at the outset that we were going to have to live within a fixed budget.

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Q And it is quite clear from your testimony, I guess, that they wanted no substitutions with the TOW missiles to upgrade them to the ITOW?

A That is true, sir. They didn't--well, [redacted] [redacted] said one thing that will impact here. He said, we don't need anything more than that to meet the threat that we have. That was the reason for not needing anything bigger than that.

Q At any time in your activities with Snowball and Crocus, did you have any dealings with the NSC?

A No, sir, I did not.

Q You do recall, however, [redacted] mentioned NSC a couple of times?

A Yes, sir, I did.

Q Did anyone else mention the NSC with whom you were dealing?

A [redacted] may have, sir.

Q Did Ms. Crawford or anyone in the General Counsel's Office have any input on pricing decisions?

A Okay, anyone in the General Counsel's Office? Tom Taylor had the only input, and that was to advise Gen. Russo that the Economy Act was the proper basis, as far as he was concerned. And that was true based on historical work, as well as the standard legal advice that had been provided to us for a long time.

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The other fellow that had some input on the pricing was [redacted] He too had been involved in reviewing many, many of the Agency's funding practices and had met extensively with their Office of the General Counsel.

I believe [redacted] and I talked one or more times on pricing issues on these two projects, but it was only from the standpoint of was the Economy Act the propose basis? I think I was concerned because of the size of the project. These were multi-million dollar projects, not a little project.

Q Let me ask you about the computer system used by MICOM and Anniston Army Depot. First in a general way. Do you have any knowledge about that system that they use?

A Sir, I have to tell you I know nothing about it at all.

Q Do you know that they have the same computer system, and that the MICOM system at Redstone feeds the one at Anniston?

A Sir, I didn't know that.

Q Then you wouldn't know that they essentially should have the same data in each?

A No, but it sounds logical.

Q Let me ask a specific question about readiness impact and depletion on the HAWK repair parts. I really want you to help educate me here as to when--I have in mind a particular snapshot as to the readiness data. We have been told that at one point as the HAWK repair part issue was being worked, the data showed that if we met the requirement of 1034 line items in its entirety, that there would be significant depletion with regard to 43 items; that on 15 of the items there would be complete and total depletion from the existing inventories; and on 11 of the items it would be greater than 50 percent depletion--

A Those are my notes, sir, and that is true.

Q --and that on 20 of the items, it would not be 50 percent, but would still be called significant enough to be classified as "significant depletion"?

A Yes, sir. Those are notes that I prepared for Gen. Russo based on help from John Chapman at MICOM.

Q Okay. Do you recall when those figures were in front of you, and when in the decision process these figures existed?

A Well, they were in front of me before we put the final package together.

Q If you can understand what I'm trying to ask, I understand that readiness data is a rolling set of figures, and that if you look at one set on one day, as items are used, as items come out of the pipeline, as items are relocated, the figures will change the next day, and even the next day, and so forth.

So let me ask it this way: At the point at which the decision was made to actually go forward and meet the requirement on HAWKs, what is your recollection as to depletion of items from the data you have in front of you, and that Gen. Russo had in front of him?

A Without looking at the paperwork that I prepared in the matrix, which I kept all of that and I guess you have seen all of it, Gen. Russo's main concern was, was this going to have a major impact on U.S. Armed Forces?

As I recall, the answer back from John Chapman was that it would have a minimal impact on U.S. Armed Forces because, he said, the parts lost would mainly affect [redacted] He felt that within [redacted] -he said we could have all those parts back in inventory.

John Chapman was not greatly concerned about giving up many of the items, he said, because as he finished his modernization program, he said, we wouldn't be stocking any more of many of those items. And, he said, some of them if he could get the items modernized before the request came in, he said, then it is a moot point.

Again, the whole idea of the modernization is to eliminate that expensive duplication of inventories.

Q Was it his sense that there would have been some impact on readiness, though, with regard to our FMS customers and availability?

A Yes, there was. John felt that there would be. The final decision at the end that I participated in was that we were going to support this mission.

Q And for the record, these FMS customers would be our allies and people we had chosen to sell to.

A Sir, that is true.

Q Do you have any idea? Did you ever provide any data as to which countries, and the extent of the impact?

A No, sir.

Q Would John Chapman have had that in front of him?

A He should have had it handy, but keep in mind, John, on some of these items--let's say the 15 where we ran them down--he might have only got one request in every year-and-a-half. Some of the items were very low usage. Some of them cost $100,000 apiece. It was one that would wear out only through gross accident.

There was one he had that might not ever have been requested in the next 12 months. So there was some, as you said, on the picture window look, the readiness issue was one of a lot of "ifs." If one broke somewhere in the world, one customer may have. His average demand had shown on many of those critical items that there was very low usage.

Some of the items, too, that we ran down to zero he was going to replete the inventory on in a very short period of time. That is, he was going to replenish it. So we worked a very tough set of decision processes. I think the major concern was the impact on the Army, and that was the driving factor in that there was determined to be no real impact on the Army.

Q I understand that you did not go through the [redacted] [redacted] on Snowball or Crocus, so you did not deal [redacted] At any point as you were working these requirements, did anybody think to ask whether the Joint Chiefs knew anything about this operation, or had approved it?

A I asked [redacted]. You know, I guess the first concern was that when I was dealing with the Defense Logistics Agency--that's a DoD-level agency--I felt uncomfortable about leaving [redacted]

I was instructed by [redacted] absolutely not to deal with anybody in [redacted] And that was not even available for negotiation. Just "don't do it, at all."

Q For the record, do you have any idea when the Chairman of the Joint Chiefs became aware that we were shipping these TOW missiles to Iran?

A No, sir, I don't. When I left in June, if you had asked me at that time, I would have said that I'm not even aware that he is aware of it. Again, the list in the

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Defense Department that I knew about was so small you could have fit it on half a piece of paper in terms of everybody that I knew that was involved.

Q For the record, when you left in June he didn't know about it.

A Okay. That's what I would have told you if you'd asked me, and I didn't think you did.

Q When these matters became public, who within DoD did you talk to, or were you asked to brief, of whatever?

A The fellow that called me was the aide to Gen. Kicklighter, and he called me at home.

Q And who is Gen. Kicklighter?

A He is currently Gen. Russo's successor. The's the Assistant Deputy Chief of Staff for Logistics, and designated as the new Director of the Army Staff.

Q And did you ever speak to Richard Armitage, the Assistant Secretary of Defense?

A No, sir, I did not. I have never spoken to him in my entire career.

Q I believe you told us in April that you were later seen by agents of the FBI, and the investigators conducting the Inspector General's investigation?

A That is true; yes, sir.

Q Did you testify before the Tower Commission Board?

A No, sir, I did not.

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Q And were you met with by the Tower Commission staff?

A No, sir, I did not.

Q Have you thus far met with anyone from the Independent Counsel's office?

A No, sir, I have not.

Q At any point as you have gone through the phase after these matters became public, has anyone asked you in any way to change or alter your testimony, or change or destroy any records or notes?

A No, sir. I think it is very important to reiterate what Gen. Russo and Gen. Kicklighter told me that first day in late November when I arrived here. They said, we want you to tell the story exactly like you remember it. And, they said, do your very best to help all those involved. Don't hold anything back.

That was the advice that Kicklighter and Russo gave to me, and it has never changed. No Army person that I have dealt with has asked me to alter anything.

MR. SAXON: I think those are all the questions I've got.

Do you have anything further?

MR. KREUZER: No.

MR. SAXON: Let me say for the record to you, Major, that we appreciate your being here. The record should show that Maj. Simpson is appearing voluntarily. We have spent a great amount of time with him in the previous interview, and a good bit of time today; and that you came today on fairly short notice. So we want to thank you for your cooperation with the Congressional investigations that have resulted from all this.

We appreciate your candor and your forthrightness, and we simply wish for the record that everyone we have talked with had had the same spirit of cooperation with us and, likewise, exhibited the same degree of professionalism in working through these matters.

Thank you, very much.

THE WITNESS: John, I appreciate those comments.

THE REPORTER: Will he be signing his testimony?

[Discussion off the record.]

THE WITNESS: I don't need to sign it.

[Whereupon, at 1:45 p.m., the signature of the witness having been waived, the witness being present and consenting thereto, the deposition of Christopher Simpson was concluded.]

* * *

TRANSCRIPT
OF PROCEEDINGS

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

ORIGINAL

DEPOSITION OF MAJOR CHRISTOPHER SIMPSON

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Washington, D. C.

Wednesday, September 9, 1987

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Partially Declassified/Released on DEC 23 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF MAJOR CHRISTOPHER SIMPSON

Washington, D. C.
Wednesday, September 9, 1987

Deposition of MAJOR CHRISTOPHER SIMPSON, called for examination at the offices Senate Select Committee, Suite 901, the Hart Senate Office Building, at 2:15 p.m. before DAVID L. HOFFMAN, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

ROBERT W. GENZMAN, ESQ.
Associate Minority Counsel
JOSEPH P. SABA, ESQ.
Associate Majority Counsel
United States House of
Representatives Select
Committee to Investigative
Covert Arms Transactions With Iran.

JOHN SAXON, ESQ.
Associate Counsel
United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition.

ROBERT J. WINCHESTER, ESQ.
COL. JOHN K. WALLACE, III, ESQ.
Office of the Secretary
U.S. Army

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PROCEEDINGS

Whereupon,

CHRISTOPHER SIMPSON

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. SAXON:

Q Would you state your name for the record, please.

A My name is Christopher Simpson.

Q What is your current position?

A My current position is the Finance and Accounting Officer for the Fitzsimmons Army Medical Center in Denver, Colorado.

Q You are, are you not, a United States Army major; is that correct?

A Regular Army major; yes, sir.

Q Let me say for the record, Major Simpson, that we spent a good bit of time with you before. We interviewed you earlier this spring. You were deposed by the Joint Staffs of the two Committees, so if I make reference to our previous sessions or what you told us previously, that is what I have reference to.

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This is really a continuation of the previous deposition, so I am not going to go through the record in terms of your background and all of the particulars, except to say, for any subsequent readers of the record, that at the time the Army, in mid-January 1986, received the tasking to supply TOW missiles to a customer whom we now know to be the CIA, destined ultimately for Iran, you were, I believe it is safe to say, the action officer to work that requirement on behalf of the Deputy Chief of Staff for Logistics with the Army; is that correct?

A That is correct, sir.

Q You likewise worked a similar follow-on requirement for Hawk air parts up to a point at which you left Washington and were transferred to Colorado; is that correct?

A Almost correct. The project on the Hawks was essentially finished when I left. There were only a few straggling little items left, but 97 percent of the project was completed.

Q I think it is safe to say that the record from your earlier deposition is pretty complete and detailed about both the TOW and the Hawk requirements, the TOW

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requirement, which you named Project Snowball, the Hawk requirement, which became known as Project Crocus. So we are not going to walk through the chronology with regard to either of those two.

What I am going to do first is focus on some questions pertaining to the TOWs, dealing with the pricing issue.

As we know now, the price that was established by the Army for the basic TOW missile was $3469, which was arrived at by looking in the Army Master Data File, AMDF, and seeing a price for the basic TOW of $3169, and there came a time when the Army learned it was going to be necessary to outfit the basic TOWs with a safety modification or missile ordnance inhibitor circuit or MOI, which was estimated to cost $300. So we added $3169 and $300 and got $3469.

Is that a correct recitation of how that figure was arrived at?

A On the basic costs. Then we did add in ancillary costs for shipping, handling and some modification of items.

Q That is what I refer to, the $3469, as the price that was charged, and I leave off, for our purposes, for

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ease of discussion, the ancillary cost. There was also a price, we now know, in the AMDF, for a basic TOW, with MOIC, and the Army Missile Command, MICOM, made the determination after MOICS had begun to be installed, that a new missile should go into the AMDF with a new national stock number and a new price. That price was thought to be $8435 for whatever reasons it was arrived at, and that was the figure that went in the AMDX.

So I will refer to the $8435 price as the one that the AMDF said was to be charged for a basic TOW with MOIC.

I run through this explanation, in light of the fact that this is a follow-on deposition, in the interest of speeding up, getting to the points we want to cover.

Let me ask you when you first learned that there was an AMDX price of $8435 for a basic TOW with MOIC?

A Well, I have to tell you that that was discussed in detail in November with Colonel Lincoln at the DCSLOG's office.

Q In November of 1986, after these matters became public --

A November '86.

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Q Is that the first time at which you learned there was an AMDF price in that amount?

A Yes, sir; that is true.

Q From whom did you learn it, or how did you learn that?

A I actually learned it directly from Colonel Lincoln. Colonel Lincoln had some extensive paperwork with him up at the DCSLOG's office and was working out of my old office, which is a very small place about as big as this room and four people work in it. He and I spent about two weeks together between about two days before Thanksgiving and the 6th of December. And there was another colonel working with us. He's gone now -- but Colonel Wallace, if you could help me here. You were the fellow who worked up -- he went out to take command at the Sharp Army Depot. he was assigned to the Log Accounts Office for a while.

MR. SAXON: Let's go off the record.

(Discussion of the record.)

THE WITNESS: Colonel Chesnoe was the guy responsible for gathering all the details, and of course, Colonel Lincoln was on the phone about every 20 minutes getting more details to give to Colonel Chesnoe. There were a lot of discussions between Colonel Lincoln and I at the time.

BY MR. SAXON:

Q That's when you first became aware of that figure.

Did Colonel Lincoln indicate to you when he first became aware of that figure?

A No, sir, not really. I may have heard, at the time, in November, but I can't remember it now.

Q What instructions do you recall having given anyone at MICOM with regard to price at the time when the requirement first came down and the pricing determinations were being made?

A Well, the first time that we discussed price, Colonel Lincoln and I, was the first Saturday of the project, the 18th of January. We discussed price because we were comparing notes to make sure that what I was asking for, that he understood that he was going to look for, what I wanted. So of course, I gave him the stock number and a price. He looked it up, and he and I both confirmed that afternoon, that first day of the project that what I was asked for was prices, his records and my records looked exactly the same, which would have been correct, since we were using the same catalog data to look at.

Q I understand your answer, although it responded to a more general question than the precise one I asked.

Let me ask it this way. Was there a point at which you dictated, not personally, but on behalf of the Department of Army Logistics Office, to anyone at MICOM, that this is the price we're using. This is the price we've agreed upon. This is the price you'll plug into your documents, your computations, your records, et cetera?

A Generically speaking, I did do that sometime, weeks in the project, when we had already gone through the addition of the MOIC and arguments over replacement costs for other models of items and arguments over their use of the Army pricing regulation.

When we got to the point where I told Colonel Lincoln, if there were to be any more changes in the truth, that his chain of command would have to surface at my leadership. I was getting out of the changing of the price business with him.

Q Let me ask the question again.

Did there come a point when you gave any instructions to anyone that said, this is the price that we will use?

A I never demanded that Colonel Lincoln charge a particular price, only that if we were going to change the price again, my boss was going to have to get involved.

Q So the understanding from your standpoint is that once you and Lincoln discussed price and both of you saw in your AMDF that 3169 was right, and you later both added 300 and got 3469, that was the price from that point on?

A Except for the items that we modified, which, as I understand it, was never shipped during my tenure there. That was another change to the price that added more costs, but the base price we started with was 3169. It never really changed in the course of the project. And as I said, from the very first day, that was the price we had agreed on.

Q All right.

Were you ever -- did you ever give anyone any instructions with regard to what price, if any, should appear in any transfer documents that went with the missiles?

A Let me think back to all that long time ago. I'd

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have to tell you for the record, John, that I never gave -- I understand Chris Leachman prepared the documents. I never gave him any specific instructions, but had I seen a price when I got down to MICOM on that evening of the first shipment of anything, other than 3469, I would have vigorously opposed signing the document, because I was looking for a record of accountability, just as I had on many previous transactions. I was completely concerned about my liability to MICOM, so I wouldn't have accepted any other figure than what we agreed upon, but I never told him that that's the figure you will put in.

Q Would you have had the same reluctance to sign a document, if you had seen it and it bore no price?

A Well, that's an issue, because, as I recall, when I got down to MICOM, if there's a shipping document that I actually signed the morning after the delivery took place at about 7:00 a.m., and i looked at it first at about 2:00 a.m. in the morning, we had finished the shipment and gone back to Chris Leachman's office, besides the fact, I believe, that here was no price entered at the time. That's the best recollection, nearly a year and a half later. I just can't tell you, John, what I said at 2:00 o'clock in the morning,

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except that there were enough details not filled in on that document, that he agreed that we would both come back at 7:00 a.m. and finish completing it, that he would have it all typed up and would be ready for me, if I got in the office after 7:00 in the morning. When I came in at 7:00, it was all finished. I looked it over and will have to confess that the thing I was really looking for was the number of widgets, that is, the number of TOW missiles in the price.

I was not too concerned about fund codes or signal codes or other technical data that would have been on there.

Q I'm a big confused as to what you're telling us, because you say that you would have felt an obligation not to sign a document?

A I would not have signed it.

Q If there had been the incorrect price, meaning a higher price of $8435, but for some reason, you wouldn't have felt the same as if there was no price whatsoever?

A I wouldn't have signed it with no pricing either. I wouldn't have accepted a document, keeping in mind that copies were going to stay at MICOM that would have not had a bw

price filled in. I would not have accepted it. The only way I would have walked away with that transaction completed, is if the price had said 3469.

Q Did you ever tell Chris Leachman that the price block on the transfer document, the DD1348 standard transfer document, was to be left blank?

A No, sir, I did not.

Q Did you ever tell them that there was to be no reference to price whatsoever on the 1348?

A No, sir, I did not.

Q The same two questions with regards to George Williams.

Did you ever have any discussion with Williams that the price block should be left blank or that there should be no reference to price?

A No, on both counts.

Q Same question as to Mr. Collier.

Did you ever have any dealings with him?

A I don't even know who Mr. Collier is. Never heard the name before.

Q The same question with regard to Colonel Lincoln.

Did you ever make any statement to him about the price block on the 1348, that it should be left blank, that there should be no reference to price?

A No, sir. And I think it's important to add for the record that well before the first shipment actually took place, Colonel Lincoln established the division that would handle all the transfer paperwork for him on that matter.

So on the morning that I actually left after the first shipment, Colonel Lincoln was not even in the area. He had had to go on a trip and was out of the net the morning that Chris Leachman and I actually completed the paperwork.

Q I'd like to walk you through some documents at this point. The first document, which is really three separate iterations -- I am going to give you a chance to look at this. I

MR. SAXON: I ask that that be marked as Deposition Exhibit 1.

(Deposition Exhibit 1 identified.)

MR. SAXON: This is the Material Release Order, MRO, that was prepared at Redstone Arsenal for each of the three shipments. The first one is for the first shipment of

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100 TOWs. The second is for 508 TOWs. The third one is for 500 TOWs.

If you look at the quantity blank, you'll see the number on the first one of 1000, and so forth, as I just represented it.

If ypu look at the unit price blank, you will see that for the first shipment, it's $8435. The same price for the second shipment, and the third shipment, which was the I TOW downgrade, was $8164.

I would assume that you did not see this document at the time.

A I have never seen these documents before today, John.

Q So your answer, I guess, would be that you never knew that the people who prepared the first piece of paper, in order to task this requirement further from Redstone to Anniston Army Depot put in the 8435 price?

A No, sir. I would not have known anything that would have been put in this document.

MR. SAXON: Let me go then to the second exhibit and ask that that be marked.

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(Deposition Exhibit 2 identified.)

BY MR. SAXON:

Q This is something called an Ammunition Planning Work Sheet.

To save us all time, I will direct your attention to the block that says "Quantity." This is 1000. In the total price, if you do the quick division and drop the zeros, you will see that the price was $8435 per TOW.

This document, Exhibit 2, Ammunition Planning Work Sheet, was prepared at Anniston Army Depot. So the way the prices went, MICOM, it was telephoned down to Anniston Army Depot. A hard copy then followed. They prepared the Ammunition Planning Work Sheet.

Let me ask for the record if you have ever seen this before today?

A John, I have not.

Q Then I take it that you would not know that at Anniston Army Depot, when they started working the requirement that they used the price of $8435?

A No, sir, I did not know that. I might want to add, to help you for the record in these proceedings, that

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when I went down to MICOM for the two shipments, I was involved in, I saw no documents other than shipping documents that I took away with me, which is in the records, and copies of the safety inspections that an on-site safety inspector actually performed of the trucks. In other words, all the documents I actually saw, I kept, and were in my files when this matter all came to public attention.

Q Let's go to the transfer documents themselves, and I'll ask that you take a look at this.

MR. SAXON: And that that be marked as Exhibit 3

(Deposition Exhibit 3
identified.)

BY MR. SAXON:

Q This is the first iteration of the transfer document. This was for the first shipment.

If you look in the quantity block, you see 1000 missiles. This was prepared at Anniston Army depot for transfer, as you can see, to MICOM. The unit price block bears the price of $8435. You indicated you did not see any documents.

A I never saw this particular document.

Q Other than the transfer document that came with

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the missiles?

A Right. This is not the one that I saw. The one that I saw, and I made sure that it had my signature on all copies, and I kept all of the copies but one. I think that is important. Colonel Lincoln and I had established that as part of the plan of operation at the very beginning. We would only keep one single copy of the original copy, and all the other copies I kept. So the only copy that he would have had down there that I saw had my name on it, was the signature.

Q For the record then, you would not have know that when Army personnel at Anniston Army Depot prepared their version of the DD1348, they put in the $8435 price?

A No, sir.

MR. SAXON: We go to the next exhibit, which I ask be marked as Exhibit 4.

(Deposition Exhibit 4 identified.)

BY MR. SAXON:

Q I'll give you a chance to look at that.

This was the DD1348 that was actually signed by Chris Leachman. In the photocopying, it cuts off the top.

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but I will represent and cannot show you, that if we saw another fraction of the page, that the price block there does not bear the price of $8435, but is, in fact, blank.

Let me ask you for the record, if you recall ever having seen this document?

A I've never seen it, and it was never discussed with me.

Q Is it that in some manner, as the missiles were physically transferred by baggage truck from Anniston to Redstone, the pricing document either gets changed or a new one gets created with, I think, no price, and it would be a fair inference?

A John, could you back up and say that sentence over.

Q Sure. What the document seems to suggest is, that in some way, as they physically go from Anniston, with the transfer documents that bears the price of $8435, when they arrive at Redstone and the transfer documents which go with them, are either created or changed, the price ceases to appear on the price block?

A John, I can't comment on what Chris Leachman did, but I think it is important to establish where I first laid

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eyes on the missiles, and that is, they were out in secure holding area, which has a federal policeman guarding it, and they were stacked up in crates under armed guard. The armed guards belonging to Anniston. This is out in literally a field environment.

Q I understand your testimony. There are things that took place before you got on the scene or that you had no knowledge of, and we appreciate that. I am simply showing you what the document trail itself shows, up to the point at which you come on the scene.

MR. SAXON: So I go to the next document, which I would ask be marked as Exhibit 5.

(Deposition Exhibit 5 identified.)

BY MR. SAXON:

Q This is the DD1348 for the first shipment which you signed. I would ask you for the record, if that is your signature.

A That sure looks like it.

Q You'll notice. This is an enlarged version, but on this form, the unit price block, likewise, is blank.

Now you testified a little earlier this

afternoon, that your recollection was that when you saw the transfer document that, in fact, was blank.

A That's true. We recovered the copy that was in Colonel Emheiser's office. That should show the correct amount. I wish I could see that document today.

Q The document we just looked at, Exhibit 5, and the document we looked at, Exhibit 4 -- help me, if you can, understand what physically took place here. We have Leachman, apparently, signing for the missiles. We have his signature on Document 4, Exhibit 4.

When we get to Exhibit 5, and you were asked to sign for them, Leachman's signature is not there.

Does that mean that you signed a new and different form, that a totally new one was prepared?

A That is true. When I got there on the evening of the 13th of February, there was no document prepared for me to sign, and I do recall, and of course, Leachman should recall this, he asked me how I wanted to show this 1348, for example, the destinations, and the chargeable office, and who was to be the consignee.

All those were by prior arrangement. I was the consignor, even though the shipment was going out of

Redstone Arsenal, and it was to go to a place that would be difficult to track, and there were reasons which we discussed in previous testimony, why they were listed as going to Oakland, but this was not prepared when I got there late in the afternoon of the 13th of February. It was done sometime before 7:00 o'clock the next morning.

Q And if I understand what I think the documents reflect in your testimony, in the normal course of business, you will not have endorsed or signed the same 1348 that Leachman did, but that simply reflected that they had taken possession on behalf of MICOM from Anniston Army Depot?

A That's true.

Q Then a new document would be created for your signature showing the transfer to you and that you had received them on behalf of the Department of Army Logistics?

A That is correct, John. This is normal business, where they actually slip into the material and sign a document from the last consignor to the point of receipt.

Q When you signed the 1348, which is Exhibit 5, do you recall any discussion at all between you and Leachman about the fact that the price block was blank?

A Well, John, as I recognize as I discussed earlier today, that block was blank when I first saw it.

Q The question was, do you recall any question about the fact that it was blank?

A John, at this late date, I would have to speculate on what we might have discussed about that. I just can't remember. I know I paid attention to that. That's about all I can remember on that subject.

Q Do you recall noticing the fact that it was blank?

A Yes, I remember that.

Q But your testimony today is that you simply don't recall whether you and Leachman ever discussed the fact that it was blank?

A I'd have to guess, and I don't want to do that.

Q Let me ask you then to go to the next exhibit.

MR. SAXON: I am going to ask that be marked as Exhibit 6.

(Deposition Exhibit 6 identified.)

BY MR. SAXON:

Q This is the transfer document, showing transfer from you on behalf of the Army to an individual who received

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them on behalf of the CIA, whose name has been blanked out in the declassified version of this document.

You would know who that individual was, and in fact, when you first talked to us, you gave us his name. For reasons of trying to keep this at the lowest classification level, it's not necessary to indicate who that is.

Let me simply ask if this appears to be the document that you recall having signed showing receipt and if, in fact, that's your signature, and if it was used to convey them to the CIA?

A Yes, it does.

John, I think there's something important here. That's why I was a little bit hesitant just a few minutes ago.

I didn't remember signing a document that looked like this, with all these details left blank, and the very important data of the number of details that are missing. I guess that is because they were all cut off up at the top .

This is the document that I actually signed. What you have here, this particular exhibit, with the top cut off of it, and if you line them up, that is precisely,

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and I have a very unusual signature, if you line them up, you will see that your Exhibit 5 and your Exhibit 6 are precisely that same signature on that one document.

I think if you do that, you will see that they line up.

Q All right. Then tell us, if you would, who put the additional information in Exhibit 5 before the time when it was signed by the representative of the CIA.

Did you personally --

A No, I typed nothing on this document. I obviously did not have an access to a typewriter down there. This is the document that I actually saw out at 7:00 o'clock in the morning, the one with all of the data typed in it. That is correct, sir.

That is your exhibit.

Q I can assure you we did not put that material in there.

A No. This is the one I remember, because the one I remember had the price on it is my memory of this particular document. And if we could see the rest of it -- part of this document is cut off up at the top, which I think is an important omission.

But this is a part and a piece of the same document right here.

Q I am even more confused now because you seem to be saying the document you signed had the price on it.

A That is what I said to you earlier today.

Q No. You told us on two occasions that the document you signed at MICOM had no price, and you distinctly said it was blank.

A If you get the reporter to go back, I think you will recall that what I said was that I would not have signed the document if it had no price in it.

Q No. You told us you would not have had the higher price, and I specifically asked you a second time if, in fact, you would have signed a document that had no price.

A No. I think we need to go back and review the

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record because that is not what we said.

Q All right. Well, let me ask you now whether the document you signed at MICOM when you took receipt of the missiles had a price or whether the price block on the DD-1348 was blank?

A No, sir, it had a price on it as well as this other specific data that is listed here.

Q So you are suggesting that on Exhibit 5, that at the time you signed that, it had a price and in the form that it's in now, that it would have been altered and the price removed?

A I think there is an even more simple explanation than that. I think that Exhibit 5 is only the lower half of the same document.

Q If you look at the exhibits, you can see that the entire price block on Exhibit 5 -- and I do apologize for the fact that the very top is cut off -- but every bit of the price block on Exhibit 5 is copied and it is completely blank.

A Maybe I don't have the same copy you do, then, because these blocks aren't even printed here if you look up here at these blocks.

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Q This is the price block.

A But you notice that the price block is also blank, on Exhibit 6. The price is actually typed in above. That is a different block in the supply business. The dollars and cents, if you look very carefully, John, this is just supply terminology. The price seen in Exhibit 6 is in the right place, and Exhibit 5 is missing data blocks.

Q I will see if we can find the copy from which that was made.

A Exhibit 6, for the record, is what I clearly remember signing, and what I remember signing is, as I discussed with you earlier, although I don't remember the very same details, I remember clearly that we did discuss the price block. And as I said earlier in today's testimony, I would not have signed a document with no price on it, especially because there had been so much discussion of price up to this time.

MR. GENZMAN: May I follow up with a question? Did you say earlier, sir, that these two documents are the same, Exhibits 5 and 6?

THE WITNESS: Although I am not a handwriting expert, I recognize my own signature. I think if you line

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these up and get the blocks all tied together, in spite of the slight deviation you get from copying machines, if you look at the way -- if you look at the way my signature on the end of the "s" flows over the words that says "Received document," I think you will see that they are precisely the same document.

BY MR. SAXON:

Q I think if you look at Exhibit 5 down in the very bottom, at the lower right-hand corner, you will see the number 1 and the number 2, and it would suggest to me that this was copy 1, which was used for one part of the transfer, and that copy 2 then had additional information put on it.

A But I am concerned. I did not sign two documents down there that day, John. I only signed one document on the 13th of February.

MR. GENZMAN: If I could follow up, do you know what the 1 and the 2 signify? Are those back to back?

THE WITNESS: Those are different copies. This document typically comes in six copies, as I recall.

MR. GENZMAN: Are they back to back so that it is a multiform?

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THE WITNESS: That is correct. They are back to back.

MR. GENZMAN: With 1 at the top and 2 and 3 behind?

THE WITNESS: To tell you the truth, it's been a while since I've been out in the field. I think that number 1 is at the top, but I am not positive. I do know that I only signed one document.

BY MR. SAXON:

Q At MICOM at 7:00 in the morning?

A At 7:00 in the morning on the 14th.

Q Let me ask first if you know whether the DD form 1348 is a manifold document with various copies for various copies for different endorsements?

A I do know that it is a manifold document and there are various copies for different endorsements.

Q Second, where did the document which is Exhibit 6, which was signed by a representative of the CIA, where was that signed? Physically, where was that signed?

A That was signed in Colonel Lincoln's office on the morning of the 14th of February. And as I recall, the gentleman that is listed there watched me sign the document

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that Chris Leachman handed me.

Chris Leachman thought that gentleman to be from the State Department and was there to observe all of the proceedings, so his presence there when we signed this document did not alarm him. That gentleman could confirm that I only signed one document from Mr. Leachman for that day.

Q Do you have any idea, if you signed one document -- forget about the price block for a moment, since we are limited by the fact that Exhibit 5 is cut off at the top, and clearly Exhibit 6 has more data in it -- do you know in what way that additional data was put on there?

A Well, the data that I recognize was added on later. Some of these things are out of my office. They are classified by stamp.

The special-handling stamp and the two secret stamps are all items that we added on at our office at the Pentagon, not put on by MICOM. The technical details from block 1, it's dated. It's supposed to be keypunched into the supply system for billing purposes.

The numbers JXT are actually supposed to tell the Depo Systems Command where to send the depo interfund bill.

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That is the normal supply business. That data is actually essential in a shipping document in the government.

Other than the gentleman's signature where it's blacked out with my name for Major Simpson, the special-handling stamps and the secret stamps, everything else that is on this was at MICOM.

Again, I would mention, sir, that my story can be corroborated that at no time during this transfer business from 7:00 until 8:00 that morning was I alone. In fact, that gentleman who was with me who observed the proceedings and I left together, left the building and drove away together. We drove away in separate cars, but we went down to the parking lot together. I think that is important. In other words, I was not by myself during these proceedings.

MR. SAXON: I would like to go back, if we can, in the record and have you read back the earlier question about whether there was a price on the document that Major Simpson signed when he first arrived at MICOM.

(The record was read as requested.)

BY MR. SAXON:

Q Let me ask you, to the best of your recollection, when you first saw the DD-1348 and you were at Redstone

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Arsenal for the first shipment, do you recall if the price block had anything in it?

A John, as I best remember, it was blank at 2:00 in the morning. That was the first time I had actually seen it. That as well as other data was missing, and we agreed to delay the signing of it until the document was completed.

Q So at the point at which the price block was blank, you did not sign the form?

A That is correct.

Q When you left, got a few hours' sleep, came back later in the morning but still early in the morning, at that point there was additional data typed into the 1348, and you signed it?

A Yes, sir, that is correct.

Q And your best recollection is that when you signed the 1348, there was a price in the price block?

A Yes, sir, there was. I think it is important that when I left MICOM that morning of the 14th of February 1986 there was only one single copy of that shipping document left at MICOM, and that was by my prior agreement with Colonel Lincoln on minimizing the paperwork involved.

Q What do you recall telling then Major General

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Russo about the question of price as regards whether $3469 was the correct price? Were you the person who told him that that was the price that was agreed upon?

A Yes, sir. General Russo, though, was privy to all the changes in the two from MICOM as well as all the add-on costs that surfaced, and as you and I discussed some months ago in testimony, his frustration with this constantly changing procedure led to a message that I drafted over his office symbol, which he was the releaser on.

It said that we understand that the costs incurred to date come to some figure which we are providing you and no additional costs will be incurred without a prior confirmation or approval by this headquarters.

That is essentially the message, and I think you have seen that message before.

Q To your knowledge, did General Russo ever have knowledge that a case could be made that $8435 was the correct price for the basic TOW?

A Sir, General Russo and I never discussed a price like that. The only time that I know that someone other than me ever discussed price with him was that when General

Burbules called him.

Q So your answer would be, no, to your knowledge, he did not know that there could be another price of $8435?

A Yes, sir, that is my answer, that he could not know that there could have been that price.

Q And you are the person who provided that price to the CIA of $3469?

A Originally, sir, we started out with $3169. Later on we came up with a price of $3469; and even later on, other changes for later iterations.

Q So I take that to be yes?

A Yes, sir, that is correct. I was the guy that provided the price to them.

Q Did your counterpart at the CIA ever tell you that they had a planning figure of $6000 that they were using?

A No, sir, I don't recollect that they ever discussed a figure like that.

Q Did your counterpart at the CIA ever tell you that they were going to be receiving $10,000 per missile?

A No, sir, he did not. The only thing that might be of help to the committee here is that I sensed, when I

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first provided that price to them, that that wasn't the price they were expecting, because the order came back and changed very promptly.

We had started out with a requirement for about 4000 missiles. Within a very short period of time -- I am talking about just a day or two -- the order had risen from a figure of about 4000 to 4508, a very precise figure. And even at one time it waddled between 4505 and 4502, but it was an odd figure, slightly 4500. And by the end of the first week it had settled down and boiled down to 4508.

But I just sensed that they were quick to come back with the change, and that was unusual in my dealings with the agency. Normally, when we went back and dictated a price for a project, they would either come up with more money or if the price was too high for them, they would come back and reduce sometimes the amount of support. But never had I had occasion that when they got a price they came and promptly increased the order.

So that was the only unusual thing about that mechanism. But they never actually discussed what price they were expecting.

Q Did Colonel Lincoln ever indicate to you after

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$3469 was agreed upon and you had made it clear that there shouldn't be any further changes, did he ever indicate to you that he had learned that perhaps there would be a higher price that they should charge, although he understood they couldn't get it?

A Sir, Colonel Lincoln and I had had some discussions on higher prices, but they related to different model numbers.

Q So that really related to replacement costs?

A Replacement costs. We did also have discussion which he and I in November disagreed with precisely the details as we were recalling what we had said and had not put on paper months earlier.

But in November of '86, when we were going back over the details, it seems to me that I recall that we discussed something about the fact that he had surfaced the issue, and the rocket motors were changed on the later adaption that I understand was not shipped during my tenure and may not have been shipped at all. But the rocket motors came out of later production run.

There was some discussion. As I recall, he wanted to raise prices for that later rocket motor; in other

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words, a later-model rocket motor that might have had a higher production cost.

Q To your knowledge, was your discussion between General Burbules and General Russo confined to replacement costs?

A Sir, as I can best recollect, I can only tell you that General Russo called me up to his office and told me said, "Burbules has called me about price," and he said basically, "I told him we can't screw around and ruin this mission over bureaucratic maneuvering." He discussed with me the fact that he didn't see -- and he told Burbules how he could take up an old, beat-up missile near the end of its useful life that cost us $3169 to buy, add a $300 MOIC, and come up with any other price.

That was all part of that generic discussion. I think they talked for some time. But I was getting kind of an executive summary of it. That's about all the details we discussed from the conversation with him.

Q At any point in that discussion did General Russo tell you what price Burbules was claiming MICOM should be paid?

A No, sir.

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Q Were you briefed after General Russo talked to then Major General Colin Powell about the replacement cost issue? I believe you told us before that he came back from the meeting in Powell's office and had asked you to stay and then briefed you.

A Yes, sir. And I believe those things run together, sir, all this long time later. I met with General Russo almost daily on this project, and I do know that twice a day he went to see Major General Powell. Twice he had come back to see Major General Powell. He briefed me after he would come back on what was said.

Q Do you recall at what point General Russo had talked with General Powell about replacement costs?

A No, sir. The conversations we had had with respect to his discussions with General Powell, as far as I can tell, focused on whether economy was a proper basis for transfer. We never discussed details about the prices. That is, General Russo never told me that General Powell and he had ever discussed any details about prices.

Q So would your testimony be that you don't think they did discuss replacement costs or price or that if they did, you weren't made aware of it?

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A The latter, sir. In other words, if they did discuss it, I wasn't made aware of it.

Q If someone testified that you told them there was to be no reference to price on the DD-1348, would you take issue with that?

A To the point that I would offer to take a lie-detector test.

Q So your testimony is you never made any statement to that effect?

A No, sir.

Q For the record, did you ever receive what you would perceive as pressure in order to do anything that you would call improper with regard to price, particularly to come up with a low price for these TOWs?

A No, sir. Never.

MR. SAXON: At this point I am prepared to ask a few questions about HAWK repair parts. Joe or Bob, do you have anything more on the TOWs?

MR. SABA: No.

MR. SAXON: On pricing?

MR. SABA: No.

MR. SAXON: I am going to leave that subject.

MR. GENZMAN: Fine.

BY MR. SAXON:

Q Before I go to Hawk repair parts and before I forget, let me ask a question one of my colleagues is interested in from a different area of the investigation.

Do you know anything about Phoenix missiles?

A Nothing, sir. Nothing at all.

MR. SAXON: That takes care of his questions.

BY MR. SAXON:

Q . What I want to focus on with regard to the Hawk ground equipment repair parts is the ground readiness issue and any discussions you were a party to with anyone either at MICOM, particularly John Chapman and Bill Reyer, and then anyone either in the agency or your superiors, with the Department of the Army leadership.

For the record, let me recount what we know to be the case: That is, that the Iranians -- unbeknownst to you; you simply knew that it was a customer -- had asked the CIA for 234 line items of repair parts in varying quantities; that that was transmitted indirectly from you to MICOM, going through some intermediate steps; and that as they began to assess availability, the location of where these parts were, it's my understanding that they prepared a document, which I will introduce as an exhibit in a few minutes, which showed whether these items were available and what the quantities were, what the replacement costs would be, and whether there was any readiness impact.

MICOM officials have indicated to us and they indicated to the Department of the Army in the Inspector General's report that with regard to some 46 or 47 of the items -- and there is some uncertainty as to which of those two numbers it was -- that there would be some potential readiness impact, and that was an initial determination made on, I think, the first day when they started working the requirement, that if they were to provide them in the quantities requested, that on 46 of the items there would be some readiness impact.

As I understand it, there was then some back-and-forth whereby people at MICOM would say, "Well, we would prefer not to provide that many of this item." The ultimate result was they didn't have to provide as many as initially requested.

So, from the 46, we peeled down that number, based on reductions in quantities, in order to determine the ultimate readiness impact.

Is there anything that I have recounted, in the interest of time, that you would take issue with?

A That is all essentially correct, John. I see in front of you one of the documents that I worked with. I don't see the worksheets that I had. There were a bunch of long ledger papers typed together. That was actually the detailed readiness analysis of the 46-47 items.

MR. SAXON: Let me go ahead then to the next exhibit, which I believe will be Exhibit 7, and ask that that be marked.

(Whereupon, Deposition
Exhibit No. 7 was marked
for identification.)

MR. SAXON: I will give you a copy to look at.

BY MR. SAXON:

Q I don't have any basis of knowing this from you -- but the individuals at MICOM indicate, and there is a handwritten note by MICOM at the top of page 1, that this was faxed to AMC on 10 April '86 -- I have no way of knowing whether you ever saw this document. So let me ask if this appears to be something that you recall having seen?

A John, this is not the document I saw in its final form. I am aware that this particular document was faxed by AMC headquarters, the Office of Supply and Maintenance.

This was prepared from the original documents that a gentleman from the agency had given me that same afternoon that I got it. We had hand-carried that list from that gentleman to AMC headquarters. They prepared this document over there at the headquarters and faxed it.

I later got a copy of the document I had sent to MICOM, and the copies in my office we had retained were much more worked with this, with many additional details written in.

Q Let me make sure I understand what you just said. Is it your understanding that this particular document, Exhibit 7, was prepared at AMC?

A Yes, sir.

Q It's my understanding that it was prepared physically at Redstone Arsenal, at MICOM,and then faxed into AMC. If you look at the handwritten note at the top, that's what it indicates.

A I won't dispute that, only that about one day after I had taken over my list to John Rosenthal at AMC, he gave me back a copy of this. I think the discussion at that time was that MICOM had all of the items on this list. I had just jumped to the conclusion that AMC had prepared it.

But that's not so important as the fact that this isn't the work copy that was kept in my office on the project. We worked up a same copy so that John Chapman and I and Bill Reyer could work on it.

Q My interest at this point is not what work product you have, but simply to show you that at MICOM, as you follow each item across, you see each item listed by its national stock number and a brief description, the quantity that was required, the quantity that was on hand, the location. Those codes indicate a particular depo or wherever that the item is located, the estimated replacement cost.

And then under "Impact," the testimony we received from MICOM was that if the word "Yes" appears, that means that the potential was there for an adverse readiness impact if the quantities requested were provided.

Now, let me specifically ask you what you recall about your discussions with John Chapman and Bill Reyer, and you can do it generally or you can break it up by individual on the readiness issue.

A Well, John, I think it is important, before I discuss readiness, to take about two minutes and tell you that many of the figures that were provided on this list that were provided very quickly by John Chapman turned out, as we went to warehouse bins at depos to count things, turned out that there were other figures. Some quantities were greater and some were even less. Some weren't there at all.

So this should not be represented as the final truth.

Q And I don't think I represented it as that. But that is helpful to know.

A John Chapman was the total professional as we worked on this. I think that he strongly and vigorously defended the interests of the Army throughout. He was concerned about readiness.

I was concerned about readiness because readiness is always an integral part of our examination of the support of any project for the agency, and I believe it was at my instruction that he put out the yeses and noes on this. It could, however, have been General Russo's instructions. I don't remember. Somebody from the headquarters, though, asked him to do this.

The discussions got more detailed as we got closer to the end of the project, and again I am down to the copies, and they were left in my notes when I departed the office last June, the workpapers on the 46-47-odd items that General Russo and I personally massaged. It's a paper that measures probably two feet by 2-1/2 feet all put together in one piece. That showed, in addition to all of this data, production and delivery dates for placement of critical items.

General Russo made the request for me to go back to John Chapman and obtain that data later on in the project when he was looking at the fact that supplying some of the critical items.

I want to stop again and interject one more thing. We started out with just a plain yes or no on these impacts, but it came down to was the item critical to fire the weapons successfully. And, John, I think I recall that later on we even refined this impact further.

So items that sometimes were listed as critical, yes, changed to not critical to fire the weapon

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successfully, and we did not even give some of those. In other cases we may have depleted the supply, but John had said, yes, it was not critical.

So another item on readiness that John and I discussed in detail was that most of these parts -- not all, but most of these parts -- we are requesting were not going to have any impact at all on U.S. Army readiness because in fact almost all these parts are something called pre-Phase II product improvement-configured. They could not be used in the modernized version of the system, which is what the U.S. Army had. So we were generic.

He did say that there would be some impact on current FMS customers. However, the strong MICOM attempt was to get all the current customers for the Hawk system and then get them modernized, which would have made them also post-Phase II configured and would have in fact rendered this material obsolete.

Can I help you any further?

Q That's helpful by way of background.

Now let me refine some questions from what you said. Do you recall there being any discussion -- and I am going to confine these questions toward the later end

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because, as you said, these were massaged, the numbers changed as they took a further look, they found some quantities and others.

In any event, the initial column, with the 46 or 47 on this April 10th document changes, so as you get toward the end of meeting the requirement, do you recall any discussion with John Chapman or anyone else at MICOM at that point that if we met the requirement in the quantities requested, there would be significant depletion of any items that were of critical importance?

A The answer is, yes, John and I did discuss it. There would be significant depletion of some of the critical items.

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John and I, by the way -- John Chapman, that is, and Bill Reyer and I and John -- never had a disagreement on what that perception of the truth was. And my perception of what they were telling me. We were parties to the agreement throughout this project.

Q All right. You indicated the discussion with John Chapman was to the effect that there would be significant depletion of some of the items.

Do you recall a number as to how many items there would be?

A I think we got down to less than 11 items at the end. And, again, some of those 11 items were, in fact, pre-phase two, if not all of them.

Q All right, that gets more specifically to my question. Do you recall if any of them were common items for subsequent readers of the deposition? "Common items" means those items that were used on the pre-phase two and the post-phase two? Or, in layman's language, the old Hawks and the new Hawks?

A John, I can't right now. But, again, if we can recover my working papers, it should show those details. I had those details recorded at one time.

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Q But, in terms of your recollection now, do you recall if any of the less than 11 items were common use items?

A I don't recall that they could have been. I would also tell you for the record that when I was up there in November, those working papers were still in the office, even though I'd been gone for six months.

That is, the master worksheet that should show all fo the figuring on those parts.

Q Of the -- let's assume that since you don't recall, but said some of them could be common use items, let's assume that there were some - [redacted]

Do you recall any discussion of whether those less than 11 items, for which there would be some depletion, were in the high risk or critical category in terms of the firing of the weapon?

A What I remember is that when we boiled finalists down to the 11, that all of those 11 were [redacted]

Q All 11 were, is your recollection?

A Yes, sir. That's the reason we made the decision to provide as many of them as we could. I could add that General Russo and I entered into some decision-making at this point on these items after Bill had given me the final data and before I got back to John Chapman, we had further massaged the data with the agency.

It was at the point where we boiled down to the fact that there was going to be significant depletion of items [redacted] That General Russo asked me to go out and get manufacturing data and find out when the replacements were going to flow back into the system.

On some of them, John Chapman offered and it was critical to our decision-making process that even though there might only be three of an item in the entire Army inventory, that he might only [redacted]

And so he could live with us on a small number of items taking all the inventory out of the system on the basis that there might not be any demand at all for any of those items over quite a long period. And he would expect that he would have been able to replace them through manufacturing replacement, except in a couple of cases -- I think on pre-phase two -- he did not get any more orders in.

And there was a problem there in getting a sufficiently large number of orders to give to the manufacturer. He was going to actually wait until they had another demand on some of his low demand items before he even went and ordered them.

Q Let me see if I can synthesize what you're saying, because this is important.

First, as to the number of items for which there would be significant depletion, do you recall it as being less than 11, or specifically 11?

A Just about 11, John. It might have been 12. It might have been 10. But I remember our final list of items [redacted] that were going to have a significant impact were about that many.

Q And by [redacted] [redacted] that means they are important parts?

A No. If I can interject here, [redacted]

Q That's what I've been trying to say.

A [redacted]

Q On the one hand, you can say that the Army was doing a very good job of seeing to it that the customer got the parts they requested, since all 11, as you say, were [redacted]

But, if there was going to be significant depletion of some of these 11 parts from U.S. inventories, if any of them would come into use, the argument could be made then that we would be jeopardizing active Army units, could it not?

A The argument could be made if you ignored the manufacture and replacement times that we had worked out on the items that we were significantly depleting.

But, if you take into account manufacturing and replacement time and the very low demand on some of these items, you could argue that the impact on actual readiness was very minimal.

Q Let me ask you if you recall the discussion in specifics of [redacted]

A I remember there was [redacted] just

because that's a significant item. But I don't remember any more details than that about it.

Q Do you remember any discussions specifically with Chapman or Reyer about [redacted]

A John, I am sure we discussed it only because we discussed each and every item in detail over the weeks of the project. So, if John says we discussed it, he's absolutely right.

But what we discussed I don't have the foggiest idea, just that I know we worked all these figures.

Because, again, we had asked when we got down to critical items how long would it take to get items back in the inventory.

Q Let me tell you what the testimony is that's been provided to us and see if any of this resonates and if you recall that any of this was made known to you at the time.

[redacted]

Let me ask you if you recall a discussion to the

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effect that [redacted]

A Sir, all the items that we were going to significantly deplete were discussed at General Russo's

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level.

Q Was there any discussion with representatives of the agency that you did not want to provide some of these items?

A Yes, sir, there was.

Q What was the resolution?

A Well, if I could back up and add one more thing to give this question a little depth. John, on some of the critical use items, if there was going to be some depletion, would offer substitute items. A lot of that was done. There were quite a few substitutes provided. Some of them were on the critical use items.

Also, John was able to accelerate the production for me on a number of items. And, again, I just don't remember the details on [redacted] But, when we got down to our final list, General Russo asked me to get back with the agency. That was his guidance.

When we got down to the final days, before we agreed to preposition the thing, we were looking at the actual numbers on my worksheet of when does this item come back into production.

And John had also given me -- it was on that worksheet -- the number of demands basically per year for a three-year period.

So, General Russo was able to see what we had on hand, what was being requested, what we were getting back in the inventory and when we would get a hold again.

All that was on his work copies. And he said, Well, I don't think -- generically, his comments were, I don't think we can give them all these things, and I want you to get back to them and pare this down.

Basically, the --

Q I'm sorry? This is General Russo?

A General Russo talked to me. He was very concerned about readiness. And, actually, we did cut things down in some vociferous arguments. I made some recommended cuts. Again, I'm doing the technical work now. And, again, I'm consulting with John Chapman, not doing it in a vacuum.

We talked about some numbers that ought to be cut down. I went over and offered those to the agency and in a vigorous session, we restored some of the figures.

And, again, you have to keep in mind I'm kind of the working official left to come up with the specific number. And when I finally gave those all back to General

Russo, I think the right word for his reaction to it was acceptance.

Q Do you recall if [redacted] was specifically discussed with your counterpart at the CIA?

A Sir, we discussed all of the critical use items that were going to be significant, in depth and in detail.

Q If the Iranians requested [redacted] which in fact we did -- and I'll show you that document in a moment -- would that mean -- and if all of these 11 or so were specifically discussed with the agency, would that mean that they basically overruled your judgments on readiness and said you've got to provide them?

A I wouldn't say that. Another item that entered into this factor in there near the end was, about the time we came down to all the critical use items, John Chapman started to challenge. And he did a very good job of this, again, as I say. For the record, he vigorously defended the Army's interests.

He challenged a number of these critical use items, saying that only one of them was required per system. And he was wanting me to get from my counterpart at the CIA the actual numbered systems.

He also asked the specific question: Were all of these items going to replace broken parts and were all the systems currently being used. And he pointed out that he was at that time vigorously trying -- that is, he, John Chapman -- was trying to get the actual serial numbers of the systems, which he said he could then come up with basically work data on and tell me whether or not they even needed all of these items.

Again, I was unable to successfully get that. But that was part of the factoring of the decision. So John was really a full participant in influencing me.

But, the bottom line is it was basically left to me to make the decisions on the actual numbers. And I didn't do it in a vacuum.

Q Was there anything in your discussions with the agency about [redacted] that would make it any different from the treatment of the other items?

A Again, if you tell me it was a critical item, I'm kind of at a disadvantage without my working papers. That would bring back a lot of details.

But I don't remember anything specific at all about [redacted] without those notes.

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Q And nothing in terms of your memory now? Nothing stands out about [redacted] at all that breaks it out of the category of the 11 or so?

A No.

Q I think you've answered this, but let me ask it specifically for the record.

Was there anything on behalf of your agency counterparts that they said, that would suggest a greater interest by the Iranians in [redacted] than any other repair part?

A No. But I think it's important to note that when I went to meet with John and with my counterpart at the Agency on my recommended reductions to his list, two significant items occurred at this time.

One of them was that some of the substitutes I offered, he clearly had a price limit on this project. And he, himself, killed some numbers that I had offered on the substitutes -- a substantial number in some cases were cut down.

Again, I reiterate substantial. But that wasn't on the day I took the list over to him. He got back to me, as I recall, about 48 to 72 hours later with his cuts. And

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he physically came to see me in the Pentagon and brought back his cuts.

He cut a large number of items. That was so he could, in fact, fund, he told me. And he did tell me, in fact, he was bumping up against the price ceiling. Then he asked me to restore some of the other critical items.

And I guess that, since I had the production replacement data and since I was talking to John pretty regularly, I think that my mind set at the time was, you know, that the highest leadership of the Defense Department had already dictated our support on this.

And what we had boiled down to at the end is we only had a small number of parts that were actually going to have a significant impact no the long-range.

MR. SAXON: Let me ask you to look then at the next exhibit.

I ask that this be marked as Exhibit 8.

(Deposition Exhibit 8 identified.)

BY MR. SAXON:

Q This is what we were provided by MICOM as the final list of what they were given, of what they must actually ship.

If you look at the cover sheet, it's from Headquarters DA to Headquarters MICOM. And the office symbol of DALO, the Department of Army Logistics Office.

This was sent on the 23rd of April, 1986. Let me ask you first if you prepared this document or had anything to do with its preparation.

A John, this looks very familiar. It's not that all the parts here -- there were technical instructions both before and after this list, but this looks like the format that I provided to John Chapman.

Q Am I correct, in his representation, that this is the sort of Must Ship These list that DA provided to MICOM?

A Yes. And I would mention that before we sent this, John and I had actually gone over all the details of the message over a phone. That is, we had gone down item No. 9, quantity of five, this is the price.

In other words, this is extremely well-rehearsed. And I might add that before the date that this went out, I think it went out immediately, prepared about three weeks earlier and rehearsed in great detail with John.

So that, if, for any reason, there was a disconnect communication or anything else, he already had

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working papers separate from the message that confirmed.

This was kind of like the formal document of accountability, that is, the official DA instructions to ship. The details are on this message John had on the working papers, right down to the last item in the price.

Q Let me ask you for the record to look at page 2 of each of these two Hawk repair part exhibits. [redacted]

Would I be correct then --

A Do we have the same page 2, John?

Q Yes.

A Sorry [redacted]

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[redacted]

Q [redacted]

A But I don't know what the details were. Again, my working papers, we may have found more of these items.

There's an important omission here. Not to have the working papers that show how the decision process worked.

Q Do you have any knowledge of the extent to which General Russo made anyone above him in the Army leadership aware of any readiness problem with the Hawk repair parts?

A Sir, I wasn't privy to those discussions, if any.

Q So, if he had, you weren't made aware of that?

A No. But, again, speaking generically, it was General Russo's habit to keep DCSLOG informed on all keys used.

Q For the record, that would be Lt. Gen. Benjamin F. Register, the Deputy Chief of Staff?

A Now retired.

Q When you testified in your deposition on June 1st, you indicated that the readiness impact on the Hawk repair parts which were provided, you thought, would have been confined to our FMS customers, today, you suggest that

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you recall that some of these 11 items probably were -- and I don't want to be unfair. If I mischaracterize this, so correct me -- but you thought probably some of them were common use items.

What can you tell me further on that? Do you have any specific recollection that any were common use items?

A Not on any specific item. Again, I keep coming back to my worksheets. I had kept detailed notes on how the decision process actually worked, and they should still be available; they were in November.

And somebody, I'm sure, has them.

Q I'm not sure if that's responsive totally. I understand if you don't have specific detailed knowledge, which means that you might not know if it was two or four or how many or whatever.

To the best of your recollection, were any of the 11 items, which would result in significant depletion, common use items?

A There may have been some, John. My memory is just fuzzy on that.

But the testimony I gave you in June is

essentially correct. The impact on U.S. Army readiness by shipping pre-phase two Hawk parts was going to be minimal overall, and to narrowly focus on only a couple of parts.

You can take a look at any Defense system and say, you know, a couple of parts missing. You know, have the manufacturer accelerate that production.

Q Do you recall any statement by John Chapman or Bill Reyer to the effect that [redacted] if it were either not functioning or missing, would [redacted] [redacted] the Hawk missile system?

A John, that sounds [redacted] [redacted] Again, I remember nothing specifically about that. But when we had boiled down, as I mentioned earlier today, to the small number of items, all of them [redacted] [redacted] to the successful firing of the weapon.

Q Is that the same as saying that if it were either defective or a replacement were not available on any of these 11, that, in your judgment, it would [redacted]

A That was John's technical provision to me on all of the items we discussed, yes, sir.

Q Was there ever any discussion that General Russo

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should take this knowledge beyond the level perhaps of the DCSLOG and discuss it with the Chief of Staff of the Army, the Secretary of the Army or with General Powell?

A I would tell you, in the discussions I had with John Chapman and Bill Reyer, they never discussed -- they knew I was discussing readiness issues with General Russo. They knew that because I had told them who was looking at it.

They had not asked. That had come out in the course of reviewing the items, of changing the numbers. They never offered or suggested that I go to anybody else with readiness data.

Q I understand that, although that wasn't my question.

Did General Russo, to your knowledge, was there ever any discussion with General Russo knowing that there might be just under a dozen parts that were of sufficient criticality that they [redacted] a Hawk missile system, that that level of knowledge should be carried to people higher in the Army leadership or, in fact, to OSD?

A Sir, General Russo didn't make me privy to that decision process.

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Q There was no discussion that you had with him along the lines --

A I didn't recommend him going to OSD. Again, this was significantly different than our normal projects. I was not even, in the course of normal events, able to take projects to the DCSLOG for signature if they were going to have a negative impact on readiness, because General Thurman's practice had been, over the years, not to approve things that negatively impacted on readiness.

So, if this had been a normal request coming down through the Joint Staff, we would have probably recommended nonsupport of it. And that would have been the formal staff paper going back up.

But this was top-driven. So I wouldn't have offered to General Russo to go and take something to the Joint Staff or to the Secretary. I mean, I would have if it had been a different type of request.

Q When you testified in your deposition in June, and don't misunderstand me in these questions, I'm not trying to show inconsistencies or pin you down. I'm simply trying to understand what your best recollection is now.

Your testimony then was that there would have

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been no more than about a half dozen items that there would have been significant depletion on that were of any criticality?

A I don't think my opinion changes any on that, some of the items out of that 11 or dozen. We left some in the inventory and, in fact, John Chapman's estimate was that he'd be able to have production come back on, even though we were significantly depleting his estimate of the impact on readiness was minimal.

So the testimony from June is still the same. I think it was about half a dozen we were actually going to get down to it. There was a pretty long lead time to get the Army whole again.

I've talked about as much as 18 months, I think, on a couple of items. So the testimony is the same.

MR. SAXON: I think that's all that I've got, folks.

MR. GENZMAN: Can I follow up on a couple of questions you just had?

EXAMINATION

BY MR. GENZMAN:

Q Regarding the impact on readiness, I may have

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misheard you. But I heard you mention that with regard to a small number of items, there might have been the result of deadlining the system.

Can you define for us what "deadlining the system" means to you?

A Sure. Since I've been out in a few infantry divisions, deadlining the system means that it can't function as it's supposed to be by the manufacturer.

In other words, we're back to the thing that Bill Reyer said, or John Chapman said: This is critical to successful firing of the weapon, to hit the target 100 percent of the time. The Hawk missile system is highly accurate when it's operating properly.

Lots of parts on it though aren't critical to successful firing of the system. If you lose one of those parts and you can't successfully fire it and hit the target, the guy out in the field unit is going to say he's deadlined that until he gets the part. He normally will deadline that if it is something that is missing.

Nonmission-capable supply. That's the term used out in the field. And that's how it's put on the readiness reports.

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Q With regard to the Hawk system, could you tell us what the components of that system are so that we're clear?

A Well, you've got a radar. You've got a computer. Let me just tell you, I think that the other part is the guidance system, but I'm not positive all these months later. I'm not really a field artillery guy myself, but there's three major components to it.

Q How many launchers use that particular system of three components?

A Well, I don't want to mix up Hawk with any other kind of system. A Hawk generically is like comparing a Chevy Cadillac to a Volkswagon. They are just two completely different models. You can't take any other weapon system and say it's like any other one, except that you might have some common use items in the DoD supply system, like the little rubber gasket or screw.

Most of the items on that system are going to be unique. You might have some circuit boards or some other things. But most of the items are going to be unique to that system.

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Q Let me try to focus what my concern is. As a layman, I'm not sure how missiles can be launched as a result of deadlining what you call the system.

A I don't know enough about the rate of firing the system.

Q How many launches are connected to the system?

A You're only going to fire one missile at a time in one launch operation, basically.

Q Out of one system?

A But the launcher isn't really the part that breaks down. [redacted] Those are where all the little parts are; that launcher is probably going to work time after time after time.

I don't think that too many of these parts have to do with the launcher.

MR. SAXON: For the record, and I should have made this clear in this deposition, the [redacted]

BY MR. GENZMAN:

Q So, when you say a particular breakdown would

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deadline the system, you're referring to a given location which has these component parts and a launcher and more than one Hawk missile?

A Trying to speak generically, for any layman, you would say that any part that would be missing or inoperative, that you could not guide the system and land the missile on the target when you wanted to; then the system would not be operating as intended and it would be deadlined.

Q The point I'm trying to make is whether or not a system controls one launcher, one missile or a hundred launchers or a hundred missiles.

A No. One radar system will fire one missile at a time. That's really what it does.

MR. GENZMAN: That clarifies it for me.
I have nothing further.

MR. SABA: I'm all right.

MR. SAXON: Let's go off the record a second.

(Discussion off the record.)

MR. SAXON: Let's go back on the record.

FURTHER EXAMINATION

BY MR. SAXON:

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Q Major Simpson, it's my understanding that in a Hawk missile battery that a battery has a number of [redacted]

Would that be your understanding?

A John, I think the easiest thing I could tell you is I'm not that technically proficient to give you a good answer on that.

MR. SAXON: If my colleagues from the House have nothing further, let me simply say on behalf of both of our Committees that we thank you for your time today, for the time on two previous occasions you've spent with us. And you've been very helpful to us as we've attempted to piece this altogether.

THE WITNESS: Thank you, John.

(Whereupon, at 3:50 p.m., the taking of the deposition ceased.)

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, DAVID L. HOFFMAN, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Notary Public in and for the
District of Columbia

My Commission Expires

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28 JAN 86

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REQUEST FOR SUPPLY ACTION

THRU: DRSMI - DRSMI - TO: /DRSMI -	FROM:/ DRSMI - [illegible] ITEM MANAGER'S ANAL-CD A44	DATE: 31 Jan 86 PHONE: 6-4115

DOCUMENT IDENT	ROUTING IDENT	M&S	NATIONAL STOCK NUMBER	UNIT OF ISSUE	QUANTITY
A0A	B14	0	1410011395126	EA	01000
cc 1–3	cc 4–6	cc 7	cc 8–22	cc 23–24	cc 25–29

DOCUMENT NUMBER

REQUISITIONER	DATE	SERIAL	DEMAND CODE	SUPPLEMENTARY ADDRESS (Ship To)	SIG CODE	FUND CODE	DIST CODE	PROJECT CODE	PRIORITY CODE
W31G3H	6028	D017		W31E3G	M	FA			02
cc 30–35	cc 36–39	cc 40–43	cc 44	cc 45–50	cc 51	cc 52–53	cc 54–56	cc 57–59	cc 60–61

REQ. DEL. DATE	ADVICE CODE	DEPOT RIC FROM	PURP. CODE	COND. CODE
027		BAD	A	A
cc 62–64	cc 65–66	cc 67–69	cc 70	cc 71

	PURP. CD. TO	EDIT ACTION		ANAL. CODE (DRSMI-SD)
D	5	A7		
cc 72	cc 73	cc 74–75	cc 76–77	cc 78–80

IN-THE-CLEAR ADDRESS (Ship To)

DEPOSITION EXHIBIT

ADDITIONAL INFORMATION

Declassified/Released on 30 July 1987
under provisions of E.O. 12356
By B. [illegible] National Security Council

UNIT PRICE $8935

EXCEPTION DATA
☐ APPROVED
☐ DISAPPROVED

JUSTIFICATION FOR TELEPHONE IPD 01–03 MRO (CHECK APPROPRIATE BLOCK)

☐ NECESSARY TO MEET SCHEDULED DEPARTURE DATE OF A VESSEL OR OTHER CARRIER.
☐ NECESSARY TO MEET SCHEDULED DEPLOYMENT DATE FOR AN OPERATION FORCE.
☐ NECESSARY TO MEET FIRM COMMITMENT FOR DELIVERY OF MATERIEL TO A COUNTRY PARTICIPATING IN INTERNATIONAL LOGISTICS PROGRAMS WHERE IT IS NECESSARY TO MEET A COMMITMENT DT.
☐ EMERGENCY REQUIREMENTS FOR MEDICAL AND DISASTER SUPPLIES.
☐ REQUISITION CONTAINS PRIORITY 01–03 IN COLUMNS 60–61 AND CODE 999 IN CARD COLUMNS 62–64.

☐ APPROVED ☐ DISAPPROVED

EXHIBI
CWW-42

☐ OFF-LINE	MATERIEL ON RECORDS ☑ DEPOT ☐ MIRCOM	DEPOT CONTACT: [illegible]	PHONE-EXT. 4-4773

NOTE: PRIORITIES 01 THRU 08 WILL BE ROUTED THRU DRSMI-SS TO DRSMI-SD.
PRIORITIES 09 THRU 15 WILL BE ROUTED DIRECTLY TO DRSMI-SDC.

ASSIGNED PRIORITY:
☑ APPROVED
☐ DISAPPROVED

[illegible] FINNERTY

DATE	SIGNATURE OF APPROVING AUTHORITY
28 Jan 86	
[illegible]	[illegible]

DRSMI-S FORM 985, 1 AUG 77 PREVIOUS EDITION IS OBSOLETE

EXHIBIT P-5

UNCLASSIFIED

(3118)

[illegible] Shipment [illegible] 16 Mar 86

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REQUEST FOR SUPPLY ACTION

Due

TO:
DRSMI - LC-MM-L
DRSMI - LC-MM
DRSMI - LC-MM-DC

FROM: DRSMI - LC-MM-LST

ITEM MANAGER'S ANAL-CD M44

DATE 16 May 86

PHONE 6-4635

			NATIONAL STOCK NUMBER	UNIT OF ISSUE	QUANTITY
B9A	TLY	0	1410 01 139 1512	EA	00508
CC 1-3	CC 4-6	CC 7	CC 8-22	CC 23-24	CC 25-29

DOCUMENT NUMBER

REQUISITIONER	DATE	SERIAL		SUPPLEMENTARY ADDRESS (Ship To)	SIG CODE	FUND CODE	DIST CODE	PROJECT CODE	PRIORITY CODE
3 1 0 3 H	6136	D010		W31G36	M	EP			03
CC 30-35	CC 36-39	CC 40-43	CC 44	CC 45-50	CC 51	CC 52-53	CC 54-56	CC 57-59	CC 60-61

REQ. DEL. DATE	ADVICE CODE	DEPOT RIC FROM	PURP. CODE	COND. CODE
39		BAD	A	N
CC 62-64	CC 65-66	CC 67-69	CC 70	CC 71

IN-THE-CLEAR ADDRESS (Ship To)

	PURP. CD TO	EDIT ACTION		ANAL. CODE (DRSMI-SD)
CC 72	CC 73	CC 74-75	CC 76-77	CC 78-80

UNIT PRICE $8435

ADDITIONAL INFORMATION

EXCEPTION DATA
☐ APPROVED
☐ DISAPPROVED

JUSTIFICATION FOR TELEPHONE IPD 01-03 MRO (CHECK APPROPRIATE BLOCK)
☐ NECESSARY TO MEET SCHEDULED DEPARTURE DATE OF A VESSEL OR OTHER CARRIER.
☒ NECESSARY TO MEET SCHEDULED DEPLOYMENT [illegible] FOR AN OPERATION FORCE.
☐ NECESSARY TO MEET FIRM COMMITMENT FOR DELIVERY OF MATERIEL TO A COUNTRY PARTICIPATING IN INTERNATIONAL LOGISTICS PROGRAMS WHERE IT IS NECESSARY TO MEET A COMMITMENT DT.
☐ EMERGENCY REQUIREMENTS FOR MEDICAL AND [illegible] AND CODE 999 IN CARD COLUMNS 62-64
☐ REQUISITION [illegible] PRIORITY 01-03 [illegible]

☐ [illegible] ☐ DISAPPROVED

DEPOT CONTACT: Iris A. Callahan

PHONE-EXT. 694-4315

☑ OFF-LINE ☑ DEPOT ☑ [illegible]

NOTE: PRIORITIES 01 THRU 08 WILL BE ROUTED [illegible] TO DRSMI-SD.
PRIORITIES 09 THRU 15 WILL BE ROUTED DIRECTLY TO DRSMI-SDC.

ASSIGNED PRIORITY:
☑ APPROVED
☐ DISAPPROVED

DATE	SIGNATURE OF APPROVING AUTHORITY

[illegible] FORM 486, 1 AUG 77 PREVIOUS EDITION IS OBSOLETE

EXHIBIT R-17

UNCLASSIFIED

3119

[illegible] of E.O. 12356 [illegible] Security Council [illegible] 30 Jul

UNCLASSIFIED 28 OCT 86

REQUEST FOR SUPPLY ACTION D 9257

THRU: DRSMI -
DRSMI -
TO: DRSMI -

FROM: DRSMI -
ITEM MANAGER'S ANAL-CD

DATE:
PHONE:

	DOCUMENT IDENT	ROUTING IDENT	M&S	NATIONAL STOCK NUMBER	UNIT OF ISSUE	QUANTITY	
▨	E	L T		1410-01-~~[illegible]~~-2347	EA		▨
	cc 1-3	cc 4-6	cc 7	cc 8-22	cc 23-24	cc 25-29	

DOCUMENT NUMBER: REQUISITIONER	DATE	SERIAL	DEMAND CODE	SUPPLEMENTARY ADDRESS (Ship To)	SIG CODE	FUND CODE	DIST CODE	PROJECT CODE	PRIORITY CODE
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cc 30-35	cc 36-39	cc 40-43	cc 44	cc 45-50	cc 51	cc 52-53	cc 54-56	cc 57-59	cc 60-61

REQ. DEL. DATE	ADVICE CODE	DEPOT RIC FROM	PURP. CODE	COND. CODE
307		BAT	A	N
cc 62-64	cc 65-66	cc 67-69	cc 70	cc 71

	PURP. CD TO	EDIT ACTION		ANAL. CODE (DRSMI-SD)
			DP	
cc 72	cc 73	cc 74-75	cc 76-77	cc 78-80

IN-THE-CLEAR ADDRESS (Ship To)

Materiel To Be Shipped To [illegible] AT RedStone Arsenal, AL NLT 1400 [illegible] F6307. BC at Redstone [illegible] Collier AV: 746-5701/4185 or [illegible] Coward AV: 746-4085/3809. [illegible] Instructions Same As Those [illegible]

UNIT PRICE $2764

ADDITIONAL INFORMATION

Special Project -

EXCEPTION DATA
☐ APPROVED
☐ DISAPPROVED

JUSTIFICATION FOR TELEPHONE IPD 01-03 MRO (CHECK APPROPRIATE BLOCK)

☐ NECESSARY TO MEET SCHEDULED DEPARTURE DATE OF A VESSEL OR OTHER CARRIER.
☐ NECESSARY TO MEET SCHEDULED DEPLOYMENT DATE FOR AN OPERATION FORCE.
☐ NECESSARY TO MEET FIRM COMMITMENT FOR DELIVERY OF MATERIEL TO A COUNTRY PARTICIPATING IN INTERNATIONAL LOGISTICS PROGRAMS WHERE IT IS NECESSARY TO MEET A COMMITMENT DT.
☐ EMERGENCY REQUIREMENTS FOR MEDICAL AND DISASTER SUPPLIES.
☐ REQUISITION CONTAINS PRIORITY 01-03 IN COLUMNS 60-61 AND CODE 999 IN CARD COLUMNS 62-64.

☑ APPROVED ☐ DISAPPROVED

☐ OFF-LINE

MATERIEL ON RECORDS ☐ DEPOT ☐ MIRCOM

DEPOT CONTACT:

PHONE-EXT.

NOTE: PRIORITIES 01 THRU 08 WILL BE ROUTED THRU DRSMI-SS TO DRSMI-SD.
PRIORITIES 09 THRU 15 WILL BE ROUTED DIRECTLY TO DRSMI-SDC.

ASSIGNED PRIORITY:
☑ APPROVED
☐ DISAPPROVED

DATE	SIGNATURE OF APPROVING AUTHORITY
[illegible]	[illegible]

DRSMI-S FORM 498, 1 AUG 77 PREVIOUS EDITION IS OBSOLETE

[illegible] 30 July 87
[illegible] of E.O. 12356
[illegible] Security Council

P-20

UNCLASSIFIED

3126

UNCLASSIFIED

TCN W31G1H 6020 0017X?X
[illegible] 079 TP 1
W31G1 ANNISTON ARMY DEPOT FCA
ANNISTON, ALABAMA 36201-5

TRANSPORTATION OFFICER
US ARMY MISSILE COMMAND
TRANS OFF
REDSTONE ARSENAL, ALABAMA 35898

DOT LABEL EXPLOSIVE A FLASH PT [illegible]
DOT PLACARD EXPLOSIVE A DOT PERMIT
DOT CLASS CLASS A:EXPLOSIVES CC CLASS X-C
R M GRAZIANO MIL AIR 5-55
FIRE FIGHT INSTR GP 4 TRANSIT IN STG
PSC 2 SHIP DOD 5100.76M
OUTLOAD DWG NO
RELEASE REQ NO RELEASE NO
TYPE SIZE EQUIP ORD FURNISH
CARRIER INITIAL AND SERIAL NO DATE
PALLET WT DUN WT WT
CONEX WT SEAL NO HOLD DELAY
VEH PLACARDED FULL FUND GBL
UP EXP WT 11.0 UP QTY 00001 WT 09.00 CU 4.000
UPK/PAL PW PC

MAP ADDRESS
W31P18
US ARMY MISSILE COMMAND
TRANS OFF
REDSTONE ARSENAL AL 35898

DOT MATERIAL MARKING DESCRIPTION
ROCKET AMMUNITION W/EXPLOSIVE PROJE
CTILE CLASS A EXPLOSIVE

DOCUMENT NUMBER STOCK NUMBER RIC SHIP QUANTITY CC M TOTAL PRICE EXT WT EXT CUBE ST/COMP COLOR CORNER MARK
W31G1H6020017 1410011371512 PE99 AA9 0001000 A 0935000.00 09000.00 4000.000 E YELLOW MISSILE
NOMENCLATURE MILEAGE FACTOR 0100 U/I FA PALLET DIM 00.00 00.00 00.00
GUIDED MSL SUR AIR BGM-71A-2 U PKG SIZE 04.00 01.00 01.00
[illegible] DESCRIPTION PROPELLANTS CLASS A UFC 6?0?? SCIC P QUANTITY DISTANCE CLASS 1.1

FLIMSY LINE NO LOT NUMBER INSP DATE LOT QUANTITY LOT EXP WT SITE LOC RESTRICTION NUMBERS PKG NO TOTAL PKG TYPE PKG WEIGHT CUBE
001 MAU-176-1A [illegible] 0000064 704.0 10R070

FLIMSY QTY 0000064

SHIP UNIT 0000064 704.0 PROJECT DESCRIPTION

CARRIER RELEASE APPROVAL

*W31G1/*627149 *W31G3H6020017XAK*W31G3G*140290

*[illegible] CONT NO * SHIP *CMDTY*ADP*POL*POU* NO TP * TCN * ADD *P*RDD*PDD* DS *ET* TAC* PIECES * WEIGHT * CUBE *A

SELECT FROM SERVICEABLE STOCK
WITH CORRECT & LEGIBLE MARKINGS.
MARK, BAND, PALLETIZE, TAG &
PLACARD AS REQUIRED. ( )

ADMINISTRATIVE CLEARANCE
NO INSPECTION CONDUCTED. ( )

SURVEILLANCE CLEARANCE
SUSP. ARMY ( ) NAVY ( ) AF ( )
CONDITION CODE-
DATE-
SIGNATURE
REMARKS

Paperwork Typed

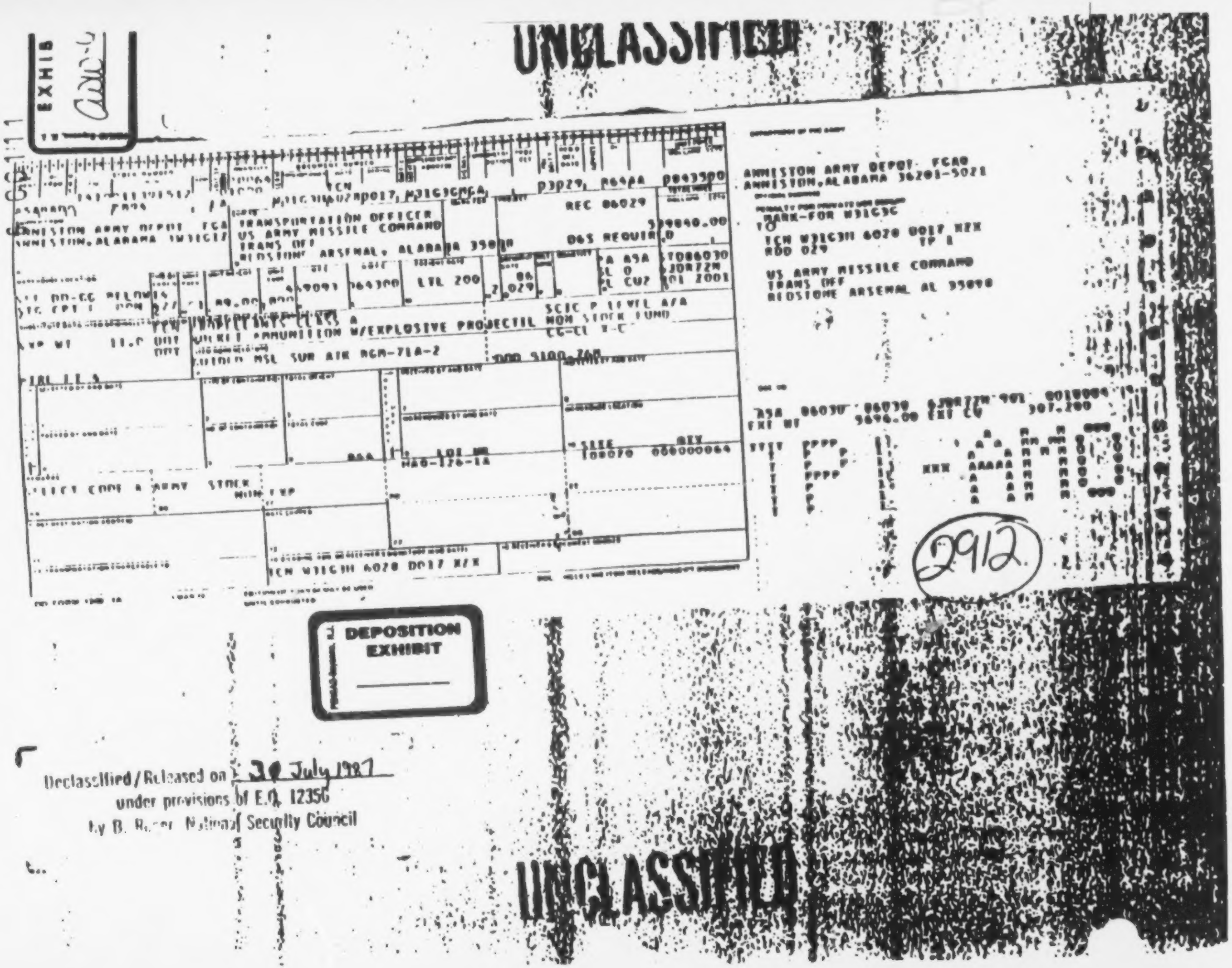
EXHIBIT
CWW-43

2911

Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

DEPOSITION EXHIBIT

UNCLASSIFIED



UNCLASSIFIED

EXHIB
ADC-4

30 Jan 86

N31G3H020D017, N31G3CMCA, P3029, R64AA P043500

ANNISTON ARMY DEPOT FCA
ANNISTON, ALABAMA
TRANSPORTATION OFFICER
US ARMY MISSILE COMMAND
TRANS OFF
REDSTONE ARSENAL, ALABAMA 35898

REC 06029
$99040.00
DSS REQUIRED

LTL 200
029
A ASA
L 0
L CU2
TOB6030
JOR72N
001 2001

SEE DD-CC BELOW
CARTRIDGES CLASS A
ROCKET AMMUNITION W/EXPLOSIVE PROJECTILE
GUIDED MSL SUR AIR BGM-71A-2
SCIC P LEVEL A/A
NON STOCK FUND
CG-CL 1-C
DOD 5100.76R

GR WT 11.0
LOT NR
MAD-126-1A
SIZE 108070
QTY 000000064
SELECT CODE A ARMY STOCK
TCN W31G3H 6020 D017 X/X

ANNISTON ARMY DEPOT FCAD
ANNISTON, ALABAMA 36201-5021
MARK-FOR W31G3C
TO
TCN W31G3H 6020 D017 XXX
RDD 029
TP 1
US ARMY MISSILE COMMAND
TRANS OFF
REDSTONE ARSENAL AL 35898

ASA 06030 06029 AJOR72N 901 0010004
EXT WT 9696.00 EXT CU 307.200

TP1 - AMO

2912

DEPOSITION EXHIBIT

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by B. Reger, National Security Council

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28 JAN 86
G 00103

W31G12
ANNISTON ARMY DEPOT
ANNISTON, AL

REDSTONE ARSENAL
REDSTONE, AL

ROCKET AMMUNITION W/EXPLOSIVE PROJECTILE
CLASS A EXPLOSIVE
GUIDED MSL SUR ATK BGM-71A-1

LOT NR	SIZE	QTY
MAQ-112-2	[illegible]	50
MAQ-124-3A	[illegible]	104

THIS IS TO CERTIFY THAT THE ABOVE NAMED MATERIALS ARE PROPERLY CLASSIFIED, DESCRIBED, PACKAGED, MARKED AND LABELED AND ARE IN PROPER CONDITION FOR TRANSPORTATION ACCORDING TO THE APPLICABLE REGULATIONS OF THE DEPARTMENT OF TRANSPORTATION. [illegible]

W31G3H 6028 D017 XFX

DD FORM 1348 1A

211 11.26

TO

W31G3H 6028 D017 XFX
RDD 029 TP 1

REDSTONE ARSENAL, AL

Sign and Return

EXHIBIT
AW-45

DEPOSITION
EXHIBIT

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under provisions of E.O. 12356
by B. Reger, National Security Council

2904

Redstone Arsenal

MAJ Chris Simpson
HQDA ODCSLOG
DALO-SMU-LA, Wash, DC 20310-0547

FREIGHT RATE

FREIGHT CLASSIFICATION NOMENCLATURE
Rocket Ammunition W/Explosive Projectile
Class A Explosive

ITEM NOMENCLATURE
Guided Msl Sur Atk BGM-71A-2

SELECTED BY AND DATE
TYPE OF CONTAINER(S)
TOTAL WEIGHT
RECEIVED BY AND DATE
INSPECTED BY AND DATE
PACKED BY AND DATE
NO. OF CONTAINERS
TOTAL CUBE
WAREHOUSED BY AND DATE
WAREHOUSE LOCATION

REMARKS

FIRST DESTINATION ADDRESS
Oakland Army Terminal
Oakland, CA

DATE SHIPPED
13 Feb 86

TRANSPORTATION CHARGEABLE TO
DALO-SMU-LA

MAJ Chris Simpson SSN 159-42-9662
DALO-SMU-LA

RECEIVER'S DOCUMENT NUMBER

DD FORM 1348-1 1 JAN 84
EDITION OF 1 AUG 81 MAY BE USED
DOD SINGLE LINE ITEM RELEASE/RECEIPT DOCUMENT

DEPOSITION EXHIBIT

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under provisions of E.O. 12356
by B. Reger, National Security Council

2939

EXHIBIT
CUDD-46

G 00138

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under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

SECRET

9 00100

[redacted]

1410011391512 PB94 EA 1000 W74FVB 6044 C001 W74FVB 3 XR CRV 02 044 3469 00

SHIPPED FROM
Redstone Arsenal

SHIP TO
MAJ Chris Simpson
HQDA ODCSLOG
DALO-SMQ-LA, Wash, DC 20310-0547

MARK FOR

PROJECT

FREIGHT RATE

QUANTITY

FREIGHT CLASSIFICATION NOMENCLATURE
Rocket Ammunition W/Explosive Projectile
Class A Explosive

Guided Msl Sur Atk BGM-71A-2

William D.

[redacted]
CIA
from MAJ Simpson, HQDA
on 13 FEB 86

SPECIAL HANDLING OF THIS DOCUMENT IS REQUIRED. HANDCARRY DURING ROUTING. NORMAL ADMINISTRATIVE DISTRIBUTION CHANNELS SHALL NOT BE USED. ACCESS TO THIS DOCUMENT MUST BE LIMITED TO THOSE WHO MUST KNOW THE INFORMATION

REMARKS

Oakland Army Terminal
Oakland, CA

TRANSPORTATION CHARGEABLE TO
DALO-SMJ-LA

13 Feb 86

MAJ Chris Simpson SSN 130-42-9662
DALO-SMJ-LA

RECEIVER'S DOCUMENT NUMBER

ITEM RELEASE/RECEIPT DOCUMENT

CLASSIFIED BY: DASR (U)
DECLASSIFY ON: OADR

~~SECRET~~

2

2901

UNCLASSIFIED

B-77

(2)

[illegible] cost and repair that [illegible] to [illegible] 10 April 86

DEPOSITION EXHIBIT

UNCLASSIFIED

(NOT [illegible] Items)

10 APR 86

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	E|C LOCATION	COST	IMPACT
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Ph II PIP De
12 1430-00-481-2229	Electronic Comp	[redacted]	[redacted]	ANS BK4	3,785.00	NO
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Ph II PIP
12 1430-00-480-4461	Control Pwr Supply	[redacted]	[redacted]	ANS AQS BK4	3,790.00	NO

(6)

Partially Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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5717

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7 CIC

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
15. 1430 00 408 2496	Circuit Card	[redacted]	[redacted]	ANS AOS BR4 BR4	434.00	NO
16. 1430-00-491-6943	TRIPLE AMP Elec Equip	[redacted]	[redacted]	BR4 BR4	7,782.00	NO
12. 5360 00 937-3080	SPRING SPIRAL TORSI	[redacted]	[redacted]	ANS BR4	70.00	NO
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes

824

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	C/C LOCATION	REPL COST	IMPACT
25 1430-00-155-8278	Simulator Control	[redacted]	[redacted]	AQS	20,158.00	No
				BK4		
27. 1430-00-875-0838	IF Amplifier			BK4	5106.00	NO
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
						yes
31. 1430-00-480-5682	Cir Card Assy	[redacted]	[redacted]	ANS	2002.00	No
				AQS BK4		
				BR4		
32. 4140-00-875-9846	FAN Centrifugal			ANS	282.00	No
				AQS		
				BR4		

C Cont

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
33 4140 00 963-4276	FAN Circulating	[redacted]	[redacted]	ANS	242.00	no
		[redacted]	[redacted]	BR4		
		[redacted]	[redacted]			
35 6120 00 981-2766	Transformer Assy	[redacted]	[redacted]	ANS	1287.00	no
		[redacted]	[redacted]	BK4		
		[redacted]	[redacted]	BR4		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
35 N3000 228-7848	Tank Section Fluid Coolant	[redacted]	[redacted]	ANS	3414.00	no
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BK4 BR4		
5 1430 00 020-5562	Filter Fluid	[redacted]	[redacted]	ANS	2443.00	no
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BK4		
		[redacted]	[redacted]	BR4		

(6)

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
48. 1430 00 920 6734	Switch Delay Line	[redacted]	[redacted]	ANS	84.78	no
49. 1430 00 933-4462	Control Frequency	[redacted]	[redacted]	ANS BK4	3031.00	no
50. R N3000 175-6328 - P N30010367228	Amplifier Doppler	[redacted]	[redacted]	BK4	6175.00	no
51. 1430 00 484 8559	Simulator Grave Stated	[redacted]	[redacted]	BK4 BR4	9,815.00	no
53. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
55. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes

(6)

827

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	COST	IMPACT
2. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
3. 1430 00-015-2970	Cable Assy, PWR	[redacted]	[redacted]	AQS BKY BRY	462.00	no
4. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
5. 4720 00-011-8511	Hose Assy NONMET	[redacted]	[redacted]	ANS AQS BKY BRY	82.76	no
13. 4730 00-855-9746	Coupling	[redacted]		NO RECORD		
10. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes

5(a)

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	COST	IMPACT
P 1430-00-491-6951	ECH CE	[redacted]	[redacted]	BK4	6870.00	No
R1 1430-00-930-8127	NR	[redacted]	[redacted]			
R2 1430-00-876-6631	NR	[redacted]	[redacted]			
1430-00-990-0442	? Cable Assy	[redacted]	[redacted]	~~RECORD~~		
1430-01-700-4422	(-115 W71)	[redacted]	[redacted]			
		[redacted]	[redacted]			
2 1430-00-408-3496	Circuit Card Assy	[redacted]	[redacted]	ANS	434.00	No
		[redacted]	[redacted]	AQS BK4		
		[redacted]	[redacted]	BR4		
1430-00-491-6950	Circuit Card Assy	[redacted]	[redacted]	AQS	585.00	No
		[redacted]	[redacted]	BK4		
		[redacted]	[redacted]			
5915-00-491-3975	Filter Bandpass	[redacted]	[redacted]	AQS	166.00	NO
		[redacted]	[redacted]	BK4		
		[redacted]	[redacted]	BR4		
5945-01-015-2144	Relay Assy	[redacted]	NO	RECORD		B/6 Mileage

(56)

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REP COST	IMPACT
1430-00-734-5346	Elec Comp	[redacted]	[redacted]	AQS BR4	559.00	no
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES
1430-00-451-1092	Circuit Card Assy	[redacted]	[redacted]	ANS AQS BR4 BR4	205.00	NO
1430-00-979-8827	Control Range Rate Ant	[redacted]	[redacted]	BK4	5233.00	NO
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES

(6)

UNCLASSIFIED

	NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
4	1430-00-491-6886	Circuit Card Assy	[redacted]	[redacted]	AN5 AQ5 BK4	48.00	NO
5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
7	1430-00-491-6889	Circuit Card Assy	[redacted]	[redacted]	AN5 AQ5 BR4 BK4	68.31	No
9	1430-00-230-3654	Circuit Card Assy	[redacted]	[redacted]	AN5 AQ5 BR4 BK4	52.62	NO
10	1430-00-230-3653	Circuit Card Assy	[redacted]	[redacted]	AN5 AQ5 BK4 BR4	27.21 ~~$121.00~~	NO

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
1 1430-00-230-3650	Circuit Card Assy	[redacted]	[redacted]	ANS	71.45	no
		[redacted]	[redacted]	AQS BKY		
		[redacted]	[redacted]	BRY		
2 1430-00-974-7846	Indicator Assy	[redacted]	[redacted]	BKY	1448.00	NO
		[redacted]	[redacted]	BRY		
		[redacted]	[redacted]			
3 1430-00-503-1852	Amp IF (1	[redacted]	[redacted]	ANS	1513.00	no
1430 00 [illegible] 7388	...	[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
5 1430-01-081-8423	Elec Comp (1	[redacted]	[redacted]	ANS	1722.00	no
1430 00 407 2781		[redacted]	[redacted]	AQS		
1430 00 779 2391		[redacted]	[redacted]	BKY BRY		
6 1430-00-027-1984	Electomechanical	[redacted]	[redacted]	ANS	1174.00	NO
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BRY		
1430-00-283-1198	Amp Elec Control	[redacted]	[redacted]	ANS	1,091.00	NO
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
9 1430-00-788-3949	Cavit Tune	[redacted]	[redacted]	ANS	3366.00	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
1430-00-660-6563	Drive Assy	[redacted]	[redacted]	ANS AQS	772.00	NO
(1430 00 560 6963)		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
1 1430-00-789-0534	Control OSC	[redacted]	[redacted]	BKY	526.00	NO
		[redacted]	[redacted]	BRY		
		[redacted]	[redacted]			
2 1430-00-003-8553	Parts Kit	[redacted]	[redacted]	ANS	43.65	NO
7 1430 01 067 9012		[redacted]	[redacted]	BR1		
		[redacted]	[redacted]			
1 5985-00-796-9580	Seal Waveguide	[redacted]	[redacted]	ANS	205.00	NO
5985 01 025 5013		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	

(3)

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
(*)1430-01-078-9648			[redacted]	A95	5,187.00	No
(*)1430 00 092 4438	Power Supply		[redacted]	BK4		
			[redacted]	BR4		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
(a) 1430-00-194-2704-	Shell Core Assy pR	[redacted]	[redacted]	59E		
(f) 1430-01-064-[illegible]	[illegible]	[redacted]	[redacted]			
		[redacted]	[redacted]			
1. 1430-00-644-8301	Adapter Waveguide	[redacted]	[redacted]	59E		
		[redacted]	[redacted]			
		[redacted]	[redacted]			
1430-00-056-4721	Plug Disconnect	[redacted]	[redacted]	ANS	34.82	no
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BKY BRY		
1430-00-057-4722	Seal Ring	[redacted]	[redacted]	ANS AQS	2.25	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes

(4)

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(12)

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[redacted]	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
M3000-925-3137	Wiring Harness	[redacted]	[redacted]	BKY	116.00	NO
		[redacted]	[redacted]	BRY		
		[redacted]	[redacted]			
[illegible]-647-0449	Short Shoulder	[redacted]	[redacted]	59E		
		[redacted]	[redacted]			
		[redacted]	[redacted]			
M30-00-010-0355	Repair Kit Pump	[redacted]	[redacted]	ANS	565.00	NO
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BKY BRY		
[illegible] 7075444	Fan Centrifugal	[redacted]	NO	RECORD		
		[redacted]	[redacted]			
		[redacted]	[redacted]			
M3000 910-5337	Switch Assy	[redacted]	[redacted]	AQS	383.00	No
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES

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N30000 910 5337X	Switch Assy	[redacted]	[redacted]	AQS	383.00	No
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES

(4)

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

UNCLASSIFIED

NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
C 1430 00 407 2744	Elec Comp Assy	[redacted]	[redacted]	AQS	1378.00	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]			
2 1440 00 001-1267	Cir Card Assy	[redacted]	[redacted]	ANS AQS	163.00	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BKY		
1. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
1430 00-403 5787	Cir Crd Assy	[redacted]	[redacted]	AQS	310.00	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BKY		
0. 1430 00-403 5178	Cir Crd Assy	[redacted]	[redacted]	ANS	232.00	NO

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
1430 00-910 5323	Pump valve	[redacted]	[redacted]	ANS	408.00	no
		[redacted]	[redacted]	AQ5		
		[redacted]	[redacted]	BR4		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
1440 00-646 8341	Ring Piston	[redacted]	[redacted]	AN5	3.93	NO
		[redacted]	[redacted]	AQ5		
		[redacted]	[redacted]	Bk4		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	COST	IMPACT
P 1440-01-072-1063 61440 00-657-4741	Amp Elec Control	[redacted]	[redacted]	ANS AQS	1407.00	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
5550 00 922-2449	Synchro Trans Control	[redacted]	[redacted]	AQS	# 91.04	NO
		[redacted]	[redacted]	BKY		
		[redacted]	[redacted]	BRY		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	YES
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Yes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
6820-00-750-3387	Valve Flow Reg		[redacted]	ANS	320.00	NO
			[redacted]	AQS		
			[redacted]	BKY		
~~4440-01-165-0143~~	Core Assy		[redacted]	NO RECORD		
69091516-8	Cooler		[redacted]	XD cycled in [illegible] - Launcher [illegible] - [illegible]		
				Effected - [illegible]		

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
1440 00-745-7645	Core Assy HYD	[redacted]	[redacted]	ANS	3,450.00	no
		[redacted]	[redacted]	AQS BK4		
		[redacted]	[redacted]	BR4		
4820 00-677-1192	Valve Reg Pressure	[redacted]	[redacted]	BK4	845.00	no
		[redacted]	[redacted]	BR4		
		[redacted]	[redacted]			
1440 00-481-2805	Control Unit Temp	[redacted]	[redacted]	ANS	340.00	no
		[redacted]	[redacted]	AQS BR4		
		[redacted]	[redacted]	BK4		
4820 00-886-3047	Valve HYD	[redacted]	[redacted]	AQS	$866.00	no
		[redacted]	[redacted]	BK4		
		[redacted]	[redacted]	BR4		
4810-00-886-3044	Valve Solenoid	[redacted]	[redacted]	ANS	1,573.00	no
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]			
4320-00-176-9595	Pump Piston	[redacted]	[redacted]	ANS	$4,984.00	no
		[redacted]	[redacted]	AQS		
		[redacted]	[redacted]	BK4		
		[redacted]	[redacted]	BR4		

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
4320-0 295	Pump Axel	[redacted]	Obsolete -	replaced by	4320-00-176	-9995 item 181
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes yes
1440-00-316-0179	Stud Retaining	[redacted]	[redacted]	AN5 AQ5 BR4	2.85	NO
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
6625-00-277-5183	Transducer Assy	[redacted]	[redacted]	AN5 AQ5 BK4 BR4	1,480.00	NO

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
~~[illegible]~~ 18876-106745LS	~~Combat Identify~~ Processor Radar	[redacted]	~~[illegible]~~			XD source code No NSN
5955-00-726-1173	RF Oscillator	[redacted]	[redacted]	BK4	6,375.00	NO
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes XD source code no NSN
1430-00-491-6917	Circuit Card Assy	[redacted]	[redacted]	ANS AQS BK4 BR4	132,09	NO

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL. COST	IMPACT	
2 1430-00 405 7991	Circuit Card Assy	[redacted]	[redacted]	ANE AQ5 BK4 BR4	414.00	NO	
2 1430 00-407 7692	Cir Card Assy	[redacted]	[redacted]	BK4	495.00	NO	
4935-01-054-1960 4935 00-408 4749	Test Set Gr Radar	[redacted]	[redacted]	AN5 AQ5 BK4 BR4	14,265.24	NO	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes	13 B
1430-01-195-3592 1430-00-256-2995	Converter Freq -CDH-...	[redacted]	[redacted]	BK4	29,228.00	NO	
1430-00-729-5599	Waveguide Assy	[redacted]	[redacted]	BK4 BR4	62.60	NO	

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
a. 1430 00 407 6954	Cavit Tuned	[redacted]	[redacted]	AN5 AQ5 BR4	1,685.00	NO
15. [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	yes
v. 5995-01-053-0898	WIRING HARNESS	[redacted]	[redacted]	AQ5 BR4	520 00	NO
1. 5961-01-022-3623	Semi-Cond Device	[redacted]	[redacted]	AN5 AQ5 BR4	8.99	NO
↑ Same ↓						
2. 5961-01-022-3623	Semi-Cond Device	[redacted]	[redacted]	AN5 AQ5 BR4	8.99	NO
5961-01-022-9254	Semi-Cond Device	[redacted]	[redacted]	AN5 AQ5 BK4 BR4	7.10	NO

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
5985-00-493-9151	CRYSTAL mixer	[redacted]	[redacted]	AN5	258.00	NO
1430-00-256-2589	Filter Side Band	[redacted]	[redacted]	AN5 BK4	7,232.00	NO
1430-00-826-5721	Cable	[redacted]	[redacted]	AN5 AQ5 BK4 BR4	97.22	NO
1430-00-408-2528	Detector CRYSTAL	[redacted]	[redacted]	AN5 AQ5 BR4	1,290.00	NO
5985-00-404-0757	Waveguide Assy	[redacted]	[redacted]	AN5 AQ5 BK4 BR4	117.00	NO
1430-00-408-2489	Detector CRYSTAL	[redacted]	[redacted]	AQ5 BR4	73.97	NO

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NSN	NOUN	REQUIRED QTY	QUANTITY ON-HAND	LOCATION	REPL COST	IMPACT
26. 3020. P. 402 8401 FSCM - 09367	Cannot Identify Idler Assy	[redacted]	NO	RECORD		
30. 1615.02 154 7072	Cannot Identify LOAD	[redacted]	NO	RECORD		
5. 143000 408 2529	Core Memory stack	[redacted]	[redacted]	0		PHASE I - Delet
1430-01-064-8126 143000-432-1352	Power Supply ELH - MX-1H	[redacted]	[redacted]	AN5 BK4	2,011.00	NO
1430-00-507-0369 143000 433 2273	Cir Card Assy	[redacted]	[redacted]	AN5 AQ5 BK4	71.72	NO
143001 004 8206	Cir Card Assy	[redacted]	[redacted]	AN5 AQ5	882.00	NO

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F[illegible]DER SHEET

COMMAND	OFFICE SYMBOL	TELEPHONE NUMBER	AUTHORIZED REL[illegible] SIGNATURE	
FROM: HQDA WASH, DC	DALO-SMS-LA	AU 227-8487		
TO: HQs MICOM Redstone Ars, AL	AMSMI-LC-MM-A	DATE-TIME 23-1300	MONTH APR	YEAR 86
CLASSIFICATION UNCLAS	PAGES 6.	PRECEDENCE Immed.	TEC copy AV 746-1801	

REMARKS:

CONTACT MR JOHN Chapman / 821 Reyee AT AV 746 [illegible]4-5980
RANK NAME TELEPHONE NUMBER

UPON RECEIPT OF THIS FASCIMILE MESSAGE FOR PICKUP. ADDRESSEE IS REQUESTED TO ACKNOWLEDGE RECEIPT TO ORIGINATOR AT TELEPHONE NUMBER ABOVE.

DEPOSITION EXHIBIT
PENGAD

#819

ACTION OFC
SMI-LC-MMA

INFO OFC
~~SMI-LC-MMA~~

USAISC-REDSTONE
COMM CENTER
[illegible] APR 86 1839Z

Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

6-3891

TC/16

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DA FORM 3918-R

Exhibit 2

another organization called Intermed, offices in New York.

I could get that information from our files in Pheonex. He gave us several reports. We paid for his trip to go down and survey the situation on both the northern and the southern front, and make estimates of what was needed.

He also made several trips to select the medicines from World Medical Relief in Detriot, and earmarked---

Q Did he tell you the value of the medicines he had sent down to the Contras? Did he specifically tell you the value of the medicines that he had furnished?

A He gave an estimate. When I challenged him to it, I said, well, how do you know that it is worth several million dollars?

He said, well, the stuff that was loaded on such and such a plane, he was confident was worth a million dollars.

Q Did he specifically tell you that the value of the medicines that they had shipped down to Nicaragua---

A Medicines and medical equipment.

Q ---was worth several millions of dollars?

A Yes.

Q General, referring back again to the Benjamin Wiser article in the Washington Post on March 20, 1987, did you say to Mr. Wiser that you had told Oliver North of your proposed diversion [redacted] and they had replied that it would probably work?

A Yes.

Q Yet you told us earlier today that he was, Oliver North, was noncommital?

A Well, I said he was generally noncommital.

Q Which is it? Was he noncommital or did he say that the diversion would work?

A I honestly can't remember what his reply was, but my recollection is that it was some noncommital answer, it was probably somthing in a casual way. It was not a specific proposal and I think he was -- Wiser was trying to establish when he came to me that I am the one that gave Oliver North the idea of diverting arms profits to the Contras.

Q Wasn't it you who had told Mr. Wiser that?

A No, absolutely not. Absolutely not. No. He came to me with the story that someone had told him that I am the guy that set this whole thing up, and I was trying to do sme damage control, or I would have never talked to a reporter at that time. But when he told me that someone had said that was the guy that had the whole brainstorm of this thing, I said, well, that is simply not true. And the only thing that could be construed as that is one of the options that I had presented to [redacted] when I asked them for money was the possibility that a vendor would share the commission with the Contras, if we had the right one.

Q General Singlaub, did you ever tell any reporters from the New York Times in October of 1986, that you had raise between some $10 and $12 million for the Contras?

A I don't remember that.

Who was the reporter?

A Jeff Gert and Wayne King.

Q I don't remember ever speaking to those people.

Q Are you aware of another report in the Times where Joyce Downey, the executive director of the United States Council for World Freedom, on October 13, an article by Robert Rineholt, said that the council had provided between $10 to $25 million in cash and in kind aid to the Contras?

A What is your question? Am I aware of that?

Q Yes.

A Well, I am now, but I was not aware of it at the time. It gets back to the same figure that has been---

Q Okay.

A ---quoted.

Q Now, general, in early 1985, or at anytime in 1985, did Barbara Studley approach you as to your role with the Contras? Did she question you about that?

A Yes.

Q And at that time did she ask you why you were prominent in the media,or words to that effect, in substance?

A Yes. She expressed concern because I was listed as a consultant to her firm and because the media seemed to be concentrating their attention on my fundraising efforts, that this was creating problems for her with some of her clients who did not want to do business with someone who was so actively involved in providing help to the Nicaraguan Freedom Fighters.

Q Did you tell her at that time that William Casey and Oliver North---

MR. KELLEY: Can you perhaps just ask the general what did he tell her?

MR. KERR: No, we are going to ask---

MR. BALLEN: No, I am going to proceed in this fashion.

MR. KELLEY: I thought you might get a better answer---

MR. KERR: Why don't you ask him?

MR. KELLEY: Okay.

BY MR. BALLEN:

Q General, did you tell Barbara Studley at that time in response that William Casey and Oliver North had given you the responsibility to act as damage control for the Nicaraguan private manufacturing program?

A I do not believe that I ever said that, because it certainly is not true, but---

Q Let me ask the next question.

Did you ever tell Barbara Studley that you were given this role by Oliver North and William Casey specifically because "you could take the flack"?

A No. I do not believe that I said that.

Q Let me ask you the next question, General. Did you ever tell Barbara Studley that it was very important for you to be highly visible in the media because press reports had already started focusing on Oliver North?

A No, I don't believe I ever said that either, although the general subject was a part of the discussion when she expressed concern about my high visibility. I had to point out that my high visibility in fundraising was essential to the success in raising funds, and that there were some benefits.

Q In fact, General---

MR. KELLEY: Can you let the General say what he said? He hasn't had a chance to answer what he said.

MR. BALLEN: He has had a chance to answer.

MR. KELLEY: No. Every time you go on to the next question -- He is in the middle of telling you what he said.

THE WITNESS: I can understand how she might have assumed that this came from somebody above, if she heard it from other sources, but I did point out in the discussion, I said, it is not possible to raise money without having some visibility, you have to give a speech or you have to write letters, you have to communicate, and in the course of doing that you admit that you are raising money for the Contras or you don't get it, and that there were some benefit to this to include benefits in terms of morale for the freedom fighters. This had been expressed. They appreciate someone was willing to admit publicly that they were helping them. And in that discussion, I might very well have pointed out that if there is a single lightening rod for all of this, it makes it easier for others who want to have less visibility in doing what they are doing in support.

BY MR. BALLEN:

Q Did you tell Barbara Studley at that time or at any subsequent time that William Casey and Oliver North had asked you to hire a public relations firm in order to promote your efforts in fundraising?

A I know thatI never mentioned William Casey as having given me any instructions, because Bill Casey was so adamant.

Q So your answer to the question would be no?

A The answer to that is no.

MR. KELLEY: I think the answer to that is no with respect to Mr. Casey, but you haven't answered with respect to Mr. North.

THE WITNESS: To Oliver North, he never asked me to get a public relations firm, but one was recommended to me by Rob Owen, and I know that Rob Owen had had contact with Oliver North, and it is my belief, as I reflect on this, that Rob Owen recommended Carter Clews, and it was Clews Communications that was eventually hired to help manage the media problems that I was having here in Washington, that it was considered a friendly public relations firm and one that would be trusted.

Whether he specifically mentioned Oliver North, I don't remember, but he was one of my contacts with Oliver North after I started avoiding going to his office or calling him direct.

BY MR. BALLEN:

Q Did he suggest to you that this public relations firm be hired, Mr. Owen?

A Yes. He is the one who introduced me to Carter Crews.

Q Did he suggest to you that you should hire this public relations firm?

A I think, yes. I had expressed concern about my inability to respond to media inquiries, most of which were generated in the Washington area, and in discussing this with my board of directors, they said, well, perhaps we should hire someone to take your inquiries here and have a consistent answer. And in my search for one, Rob Owen recommended Carter Crews and brought Carter Crews to my hotel and introduced him to me, and therafter I hired

Crews Communications to take the press inquiries here in Washington.

Q What date was that?

A I can't answer that specifically. I don't--- I am sure that Crews Communications could provide that answer.

MR. KERR: Can you give us an estimate? Was it 1985?

THE WITNESS: I think 1985.

MR. KERR: Early 1985?

THE WITNESS: No.

MR. KERR: Can you do better than that? Summer, Fall, Winter, Spring?

THE WITNESS: Okay, let's see, it was probably in the summer, because the first time I used him was for the September conference that I hosted in Dallas, Texas, of the World Anti-Communist League. And he handled the press on that for me. And thereafter -- and immediately before that, he worked with a fundraising firm they had also hired for that conference.

BY MR. KERR:

Q What firm was that?

A I was afraid you were going to ask that. It is a firm well known firm here in Washington that had a sub office in Dallas. I would have to get that name. Carter Crews

I am sure could tell you what that was.

Q Who had recommended the fundraising firm?

A Perhaps Carter Crews, but I am not sure of that.

Q Who paid Carter Crews' fees?

A The U.S. Council for World Freedom.

Q If we go through your financial statements for 1985 and 1986, we will see items on that?

A Yes. It may have come out of -- the payments for his work in Dallas probably were covered in the budget and reports of that conference. That was a separate account. It was called the Walker Conferencing Account, and that was held separately -- it was a $300,000 budget,as I recall, and about $25,000 went to the fundraiser and a few thousand to Carter Crews for handling the media.

MR. KERR: Thank you.

BY MR. BALLEN:

Q Apart from that payment to Carter Crews, what were your total payments to Carter Crews and your media in 1985?

A I can't remember that for certain. I remember the last report we had, we still owed him and were paying off so much a month. We owed him over $6,000 at I think the end of 1986.

Q Do you recall how much you paid him in 1984?

A No, I don't remember. Those would be in the records. Those would be in the records.

Q Did Oliver North ever ask you to serve as damage control with the press?

A No.

Q Did William Casey ever ask you to do so?

A Absolutely not.

Q You mentioned a second trip to [redacted]

A Well, I don't like the term [redacted]

Q Did you travel to [redacted]

A Yes, I did.

Q Did you travel with Barbara Studley on that trip?

A No, I did not.

Q Did you carry with you a letter from the Israeli Government appointing you as the representative for the sale of [redacted]

A No, I don't believe that I carried that with me.

Q Did you receive such a letter, sir?

A I knew that one had been received. It was received at the Office of GMT here, and I was told that I had been given that authority by the Israeli Government. This came in subsequent to my visit to Israel in April of 1985.

Q The letter came subsequent to your visit to Israel in April 1985?

A I believe so. Although I am not even certain of that. It was about that same time, March, April time frame.

Q When did you travel to Israel, sir?

A I went to Israel in -- entered Israel on the 16th of April and departed on the 21st of April 1985.

Q Who did you meet with when you went to Israel, officials from the Israeli Government?

A I don't remember all of their names at that time, but I did meet with the guy that signed that letter who was head of procurement, Colonel Roiter, and he arranged for me to visit a lot of the Israeli defense industries. I also met very briefly with the Minister of Defense. I met with several retired military officers who helped arrange my visit.

I was looking at the variety of weapon systems being produced by the Israelis.

Q Let me ask you this question. Did Mr. Roiter talk to you about the [redacted]

A Yes.

Q Had you had any prior discussions with him on [redacted] prior to your trip to Israel in April 1985?

No, no. The only Israeli official I would have talked to would have been Colonel Simhoney, who was the defense attache here, Orie Simhoney.

Q Did Mr. Roiter at that time indicate to you that you would be, or GMT, an exclusive representative on [redacted]

A Yes.

Q Was that confersation as a result of -- were you aware of that before you went on your trip to Israel, that you would be the exclusive representative or GMT would be?

A My recollection is, yes, I knew about it in advance. Although that was just one of a variety of weapon systems that GMT was getting exclusive rights or representative rights.

Q Did you have any discussions prior to that time with [redacted] from the Israelis?

A No; my recollection is it was on the July trip that I made arrangements for GMT representatives to meet with the appropriate officials [redacted] to discuss this. I was there [redacted] and I think I set up visits for [redacted] for Barbara Studley and some experts from Israel.

Q Prior to July, though, you had not discussed with the [redacted]

A That is correct.

Q When you went in July to visit the [redacted] officials at that time, did you raise with them the option

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of diverting money to the Contras in connection with the [redacted]

A I certainly did not mention it to the people that I set up -- that I talked to about [redacted] The only person that I mentioned that to was [redacted] when I discussed this idea of the possibility of sharing commissions.

MR. KERR: You indicated you said that to him in January 1985. Now we are in July of 1985. Did you meet with him again and mention it again to him?

THE WITNESS: Actually, I met with him several times, and I discussed this subject, but I -- in that year I think I was there two or three times, and I don't remember specifically on which visit I discussed that.

BY MR. KERR:

Q Let me come at it a different way. Do you recall discussing with [redacted] -- his name is what?

A [redacted]

Q With regard to [redacted] did you ever mention to him thatyou were interested in selling these [redacted] and that they could be used as a device for generating contributions to the Contras?

A Quite frankly, I don't remember if I -- my recollection, the first time I mentioned that possibility was on my -- the first time when I was thinking in terms of [redacted] capabilities that they were asking about. It was not until [redacted] that I knew about [redacted] And I don't remember if I mentioned that in my visit in -- I know that I called on him every time I go to [redacted] because he is an old friend. I have called on him and discussed a variety of subjects.

Q Since that time you are aware of, are you not, that GMT had discussed the sale of [redacted] [redacted] not from Israel but other sources?

A Yes.

Q You are aware, are you not, that [redacted] in recent history, late 1986, early 1987, have expressed concern that the pricing of [redacted] would include monies for the Contras? You are aware of that, aren't you?

A No.

Q You are not aware of any letters going from GMT to [redacted] advising GMT had no interest in and no desire to use the sale of [redacted] in 1986 and 1987 as a device for generating money for the Contras or any other resistance movements?

A No.

Q You never discussed that matter with General Schweitzer?

A No.

MR. BALLEN: I would like to mark this as Committee Exhibit Number 1.

(The following document was marked Singlaub Exhibit No. 1 for identification:)

COMMITTEE INSERT

BY MR. BALLEN:

Q I would like to show you what is a two-page exhibit that has been marked Committee Exhibit 1, and ask you if you recognize this document?

A Yes, I do recognize it.

Q How do you recognize it, sir? Have you seen it before?

A Yes.

Q And when was that?

A I am not sure. Certainly in 1985 I was told about it. I believe I was shown this before my visit in [redacted] 1985.

Q Did you bring it with you to [redacted]

A I don't remember whether I did or not. I should have, but I don't remember taking it with me. I don't remember presenting it to anyone. I believe that I may have had it in the event they wanted to know if I had this. All I did on that trip was to set up appointments with the appropriate officials [redacted]

Q YOu said that is all you did on the trip?

A Yes. I was there for another purpose. I mean with respect to GMT business, that is all I did. What

I know about [redacted] you can stick in your eye. I didn't want to get involved in a technical discussion [redacted]

Q In a statement in this letter, we understand -- let me strike that.

Let me go back to an earlier part of your testimony. You testified that you had not had any dicussions with the [redacted] officials concerning this transaction prior to July of 1985. Would that be a fair statement?

A That is correct; yes. To the best of my recollection, yes. I don't think we knew about this until after my January visit.

Q General, in the spring of 1985, did Adolfo Calero approach you about purchase of arms for the FDN?

A Yes.

Q Did he say he had $5 million available for the purchase?

A Right.

Q And at that time, did he tell you North had arranged for other arms to be supplied to him and the FDN?

A I am not sure whether it was Adolfo Calero who told me that, but I knew that others had arranged for arms, yes.

Q Did he tell you that North had specifically arranged for arms?

A No, I don't, I can't -- I don't recall a specific conversation in which he said North had arranged it.

Q Did he tell you that General Secord had arranged for the shipments of arms to him?

A The answer is generally, yes. I,in fact, met with General Secord and Oliver North and Adolfo Calero. Adolfo Calero and I went to Oliver North's office on one occasion and John Secord was there.

Q When was that, sir?

A I am not sure I can answer that, but I believe it was after the shipment that I arranged for had been either started or had arrived. So that would put it in the summer of 1985.

Q Prior to that time, when Adolfo Calero approached you in the spring of 1985, stating they had $5 million available to purchase arms, had he told you that General Secord had previously supplied him with arms?

A I don't remember. I honestly can't remember whether he had mentioned Secord. I know that he had gotten other arms. I don't remember whether I knew of Secord's operation before that meeting in Oliver North's office.

Q Did he tell you that Secord was response for raising for the Contras between $15 and $25 million in donations?

A No.

Q Did you approach Barbara Studley in reference to your desire to purchase these arms?

A Yes.

Q And did you subsequently have a meeting with Adolfo Calero and Barbara Studley concerning the purchase of the arms?

A Yes.

Q Who else was present at that meeting? When would it be? Let me back up. I am sorry.

A If that is important, I might be able to look it up in some documents here.

MR. KELLEY: While he is doing that, let's take a short recess.

(Brief recess.)

(Back on record.)

THE WITNESS: The answer to the question when did I meet with Barbara Studley, Adolfo Calero and Sam, as we have named him -- I guess you have his real name, which is Werner, C-l-o-t-s. It was in April 1985.

BY MR. BALLEN:

Q Why do you guess we have his real name?

A Well, I have given it before.

Q To whom?

A Oh, I guess that was to the independent counsel people. Werner Clots is the man who arranged for the shipment of arms. He is the professional arms merchant.

Q When did you give that name to the independent counsel?

A In an informal hearing before the grand jury. Because it came out, it was mentioned in the grand jury hearing.

Q Now, sir, in regard to that meeting, was North present at that meeting?

A No.

Q Where did the meeting take place?

A To my recollection, it took place in the Sher^a^ton Carlton Hotel at 16 and K.

Q General, who had introduced you to Mr. Clots as you know him?

A I didn't meet with him until the meeting with Barbara Studley and Adolfo Calero, but General Graham, Daniel Graham, had told me that he knew of a very reliable, honest arms dealer who had worked with him when he was the director of EOA and earlier when he was Deputy Director of CIA, and he gave me the name of this individual. And I said, well, I would appreciate it if you would introduce him to Barbara Studley. So Barbara Studley met him through Daniel Graham.

Q When was this?

A I believe that was in early 1985.

Q Prior to your conversation with Adolfo Calero on the $5 million available for arms for the Contras?

A Yes.

Q And why at that time did you ask General Graham for reliable arms dealer or for any arms dealer?

A Well, because you need bullets and guns to fight wars and the Nicaraguan Freedom Fighters were in such a conflict, they were running out of ammunition. I mean, I had been talking to Adolfo Calero since 1984, ad I have been working with him---

Q When you asked General Graham for a reference, an arms reference, did you know at that time that Adolfo Calero had money available to purchase arms?

A No. I don't remember -- I don't remember whether I knew that they had it or how much they had, I wouldn't remember. I do know that I had discussed with General Graham how does one go about contacting an international arms dealer who can get weapons from the Soviet Bloc? That was one of the things I had introduced into the discussions was the -- and convinced, I believe, Adolfo Calero and Enrique Bermudez we ought to use Soviet designed weapons rather than U.S., so that as units defected to the Contras, the Contras would be able to supply additional ammuniton -- in other words, standardize on the Soviet weapon systems just for the logistical advantage that that would have. I asked General Graham, since he had been in CIA more recently than I had, if he knew how to go about this, and he said, well, there are a lot of these guys, but here is one that is really good and you can trust him.

Q When, sir, approximately was that?

A Either late 1984 or very early 1985, like February or March of 1985.

Q That was before the time Calero had approached you stating that he had $5 million available for purchase of arms?

A I believe it was. I don't remember when I learned what he had available. I know he was in the process of raising money. I knew as early as late 1984 he had a mechanism in the FDN for contacting people around Latin America that were sympathetic, raising money, and this was

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being kept in an overseas account. The assumption at that time was eventually we are going to be able to use that money to buy weapons, and on my March visit to the Nicaraguan Freedom Fighter camps is when I brought up the subject of standardizing on the---

Q March 1985?

A March of 1985, yes. Is when we restandardized that, and then talked in terms of packages, grouping weapons, buying them so if we bring in a thousand men you will have a need for a thousand rifles, but then you also should also have some RPG-7s in a given quantity and some mortars and various support weapons that would go with that. Bermudez and I spent several hours discussing this arrangement, and I think that it was -- Adolfo Calero was on that visit [redacted] I discussed this with Enrique, and came upwith a list of what they needed. By that time it was quite clear the number of people volunteering to join the freedom fighters was increasing and we needed not only ammunition but we needed additional weapons.

end #2

end jm

Q This was in March of 1985?

A March of 1985.

Q Were you aware of the fact that Calero had purchased at that time $10.9 million worth of Soviet made arms for the Contras?

A I learned at some point, I think later, that they had already had arms on the way, yes.

Q Did you learn that they had purchased at that time, in March of 1985, $10.9 million worth of arms for the FDN?

A No, I did not learn that figure until much later.

Q When did you learn that figure?

A I don't remember the exact date, I can't place it in time. I later learned that they had only $15 million and that the -- a little over $15 million available in their accounts overseas, and I knew that the 5.3 that they made available to me was the last.

Q And you knew that from conversations with Adolfo Calero?

A Yes.

Q Referring to your meeting in April with Werner, Calero and Studley, what was discussed at that meeting?

A I think it was basically to get his, Werner's, agreement that the list that we had could be provided, that he could provide it, and a firm statement of price.

Q And what list did you present, what was on the list?

Do you have any documents that we requested last time that you wish to make available to us?

A I don't remember which documents were requested, but I have some documents here. I have the list here.

Q Do you want to show that to us?

A Yes.

Q We also requested the ship's manifest.

A I think I have that, too. In fact, this whole file is a file that had been maintained for me by GMT, and I asked for it the other day. So I don't have it -- it has got the whole thing here, the report from the man that rode the ship and the manifest, the masters report, and so forth.

Do you want me to answer the question so he can write it down?

Q No. Why don't you at this time turn over those documents and we can talk to you about them.

A Okay.

Just give him the whole file?

MR. KELLEY: Why don't you record that we are providing you a file of documents that is labeled "General Singlaub shipment, 20 June 1985." There is a number of documents in there.

Do you have copies?

THE WITNESS: That's my only copy.

MR. BALLEN: We will provide you a copy

These are documents turned over, we assume, in reply to a subpoena served in March of 1987.

MR. KERR: So we all understand, these are not documents that come from your own files, these are documents made available to you by GMT; is that correct?

THE WITNESS: Those are my files. I wanted to make sure that there was a distinction between my activities with the U.S. Council, so I was acting as an individual on this, not as chairman of the U.S. Council.

BY MR. KERR:

Q This was maintained by GMT?

A It was maintained by GMT for me.

Q You would direct what documents went into it?

A Yes.

BY MR. BALLEN:

Q Sir, when was this file given to you that you have produced to us?

A I had that file when we met before.

Q In your personal possession?

A Yes.

Q With you?

A I did, yes. Well, no, I don't think I had -- in the office. I had it in my possession. I think it was in my BOQ room at Fort Myer, the date we met.

Q That would be in March of this year?

A Yes.

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Q You said the file was maintained by GMT?

A Right.

Q When did you obtain the file from GMT?

A I forget what day I first met with you or whether I met -- no, I met with the FBI first. When I got notification that I was going to meet with the FBI I stopped by that office and asked them to pull that file. I took it with me the day I met with the FBI, they did not ask for this.

Q So it was at that time, some time this year, after you met with the FBI, but prior to meeting with us, you asked GMT for the file?

A That is correct.

Q Now, sir, you said there was a list presented to Werner at the meeting in April. Would that be correct?

A Yes.

Q I will show you -- we will mark this as Committee Exhibit 2.

(The following document was marked Singlaub Exhibit No. 2 for identification:)

COMMITTEE INSERT

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jm 35

BY MR. BALLEN:

Q This is the last sheet in the file that you have just handed us, sir.

A Well, in chronological order, it is the first. It is the bottom of the file.

Q It is at the bottom of the file.

Let me clarify that. Let me show it to you.

A Yes.

Q Was this the list that was presented?

A To the best of my knowledge, this is the exact list. I think I had asked Adolfo Calero to be sure that he agreed with it, and it is just signed Al. I gave him a copy at this time.

MR. KERR: That is with the May 15th date on it?

THE WITNESS: 15 May, yes.

MR. KERR: 15 May 19---

THE WITNESS: ---85. Right.

BY MR. BALLEN:

Q When did you give this to Calero to sign?

A Well, it was in relation to the meeting that we ha had with Werner. I don't remember whether he signed it afterwards, whether we made some revisions to it as -- I think we we did. I think we had another one we actually took to the meeting and then later we made some modifications, and I don't remember what it was, but to make it come out even with respect to the quantities and the packaging, we made some changes, small changes.

Q Did you show that list to Oliver North?

A I don't remember whether I showed it to him or whether Adolfo Calero showed it to him, but I am confident that he knew of it.

MR. KERR: How do you have that level of confidence?

THE WITNESS: Well, because at a meeting with him I made reference to it. He says, yes, I know the list, or I started to tell him what was on it, he said, no, I have seen the list.

BY MR. KERR:

Q When would that meeting have taken place? In the April-May period of time?

A Yes, probably May.

Q May of 1985?

A Right.

Q Where would the meeting have taken place?

A I don't remember. I don't remember whether it was in his office or he came to my hotel room.

Q Your hotel room would have been where?

A In the Sheraton Carlton.

Q Who else was present?

A Well, if it was in the -- I don't remember. Probably Adolfo Calero -- if it was at the hotel it is possible Barbara Studley was there, but I am not even sure of that. She never went with me to the Old Executive Office Building when I called on him.

Q Do you know of any documents, notes, memos made of this meeting?

A No.

Q Any record?

A No.

Q Any one else from staff present?

A No.

MR. KERR: Thank you.

BY MR. BALLEN:

Q Did you physically show him that list?

A I can't remember. I can't remember whether he had it -- you mean the first time?

Q Had you ever seen that list in his possession? Let me ask you that.

A I remember that he knew the exact quantities on the list indicating he had seen a copy. I don't remember whether I gave him a copy or Adolfo gave him one. When I tried to talk to him about it he was fully knowledgeable.

Q Did Adolfo Calero ever tell you he had given a copy of the list to Oliver North?

A No, I don't remember him saying that.

Q Did North ever say he had actually seen the list?

A Yes, he did.

Q Did he say he approved of the list?

A I don't recall that. It wouldn't have done much good because when we presented it and agreed to it with Werner, he took it and as far as I was concerned the wheels were turning.

Q Did you tell Werner Oliver North had approved this list?

A I don't remember whether I did or not. I may have told him it was an approved list, or accepted.

Q Did you tell him it was accepted by the White House?

A I don't remember that. It is quite possible.

Q Did you tell him it was approved by the White House, this sale of arms?

A It is also possible that came up. And whether I told him or Adolfo told him, I don't remember. I do believe that when we gave it to him there was an assurance that we weren't going to make any changes.

Q Changes, to the list?

A Yes.

Q Was there assurances made to him that the United States Government or the White House or Oliver North had approved this list and the sale of arms to the FNA?

A I did not give it to him.

Q Did Adolfo Calero say that in your presence?

A I can't answer that. I don't remember.

Q How about Barbara Studley, did she say that in your presence?

A I don't remember that either. I don't remember the details of that conversation.

Q YOu had said earlier in your testimony that it was possible such an item was said, that the White House or the Administration had approved this list. Why do you believe that is possible that was said at the meeting?

A Well, I think -- I think we were just trying to assure him we weren't going to be changing the list. We said this is it, it has gotten everybody's blessing, and Al was there, Adolfo was there, and we were just trying to get the idea across that we are not going to whimsicality change the list.

Q Did you say it had the White House's blessing?

A You keep asking me the same question.

Q You said it had everybody's blessing, so I wanted to know when you said it had everybody's blessing, whether you had specifically -- when you say everybody, that is what made me ask the question.

A I may well have, but I don't remember having said that.

BY MR. KERR:

Q You recall, do you not, the gentleman you called Clots was asking whether or not this was a transaction authorized by the government, whether it was an approved transaction, for example, it would not violate the law? Did he ask you those kinds of assurances?

A No, I don't remember that conversation at all.

BY MR. BALLEN:

A You had said there were assurances made the list would not be changed?

A Right.

Q Isn't it a fact though, subsequently the list was changed?

A No, not than I know of.

Q In other words, this was the -- there was no -- well, let me clarify something. You had said that there were initial discussions on one level of amount of arms?

A Yes.

Q Was there a subsequent point in time when the level of arms was increased?

A I don't remember. I remember that it was -- it evolved. We weren't sure we were getting five magazines and I remember insisting that that be listed that we get five magazines per AK-47.

MR. BALLEN: Let me mark this as a committee

Exhibit No. 3.

I show you this document and ask you if you recognize it.

(The following document was marked Singlaub Exhibit No. 3 for identification:)

COMMITTEE INSERT

THE WITNESS: It is in the same category. It is a preliminary -- I can't answer -- yes, I remember, we were taling about---

BY MR. BALLEN:

Q You recognize that particular document, sir? Have you seen it before today?

A Um?

Q Have you seen that before today?

A I don't specifically remember this. I do remember, now that you have mentioned it, that we did make some changes in this, which appears in terms of---

Q Let me ask you another question. Why was it important for you to assure Werner in your first meeting with him that no changes would be made to the list and that you would not, to use your words, Whimiscality change the list? Why was that said to him?

A I don't know whether it was the result of a questio from him, whether -- is this the final list? Because I believe that Barbara had had some preliminary discussions with him, and---

Q Did she tell you that?

A I don't remember whether -- I do know when he came it was different from what he had initially thought. There was a difference.

Q Do you recognize the handwriting that appears on

Exhibit No. 3?

A No.

Q Now, sir, in your discussion with North concerning this list, was that before or after your meeting with Werner, Studley and Calero at the Sheraton Carlton in April?

A I don't remember.

Q Did you have any discussion with Adolfo Calero as to the prices presented on the amount Werner was capable of buying arms with?

A Yes.

Q What did Calero say?

A He said, well, if it is true that you can get us those AK-47s at $135 each, that is about half of what I had to pay previously.

Q Did he make any comments on any of the other prices or any of the other elements? Mr. Calero I am referring to?

A My recollection is that the prices on all of them were lower than he had previously been charged.

Q Did you discuss with Oliver North the prices on the weapons that Werner was supplying to Calero?

A I am sure that I discussed the major item, the AK-47s.

Q And what did you discuss? What did Werner say?

Let me ask what Werner said?

A Well, my recollection was that he agreed with me that was really a good figure, it was lower than what they had to pay by a significant amount.

Q Did you have any discussions with North as to the legality of this shipment?

A I had discussions earlier before I got involved about what are the laws concerning this whole subject, if all this transaction plays outside of the United States, if no U.S. banks are used, no U.S. carriers used, no U.S. ports involved, is this legal? I don't know who he consulted, but he assured me that that should present no problems.

Q He being?

A He, Oliver North, said this should present no problem, that the initial list was arrived at as a result of discussions I had [redacted] with Enrique Bermudez, and that the money was outside of the country, it was never going to go through this country.

We agreed we would use non-U.S. carriers, no U.S. bank transactions, and so that it appeared to be completely legal.

Q So you reviewed that with Oliver North?

A Not specific dollars with this, but in principle what needed to be done in order for me to help them without getting in trouble with the government.

Q That was before you had discussed this with Werner or after that discussion?

A It was before.

Q How was the payment arranged with reference to this---

A My recollection is that Werner was to designate a bank where he had accounts in Switzerland and then I asked -- I was to ask Adolfo Calero to transfer from one of his accounts, which he informed me he didn't have direct access, he had to go through some lawyers, and that this was then transferred.

At the time I though it was from the [redacted] bank. Subsequent to that, I think Chuck brought it up, that it was not from a [redacted] bank, but from a [redacted] bank in two increments, and I do remember there were two increments that were transferred. And so what I did was after we got a price estimate of the shipping costs, I asked Adolfo to put, or have transferred to an account, I gave him a name and a number, and as I say, I thought it was from this [redacted] bank account, to transfer this amount of money there when it was received we would have the shipment on the way.

BY MR. KERR:

Q With regard to what account the money came out of, have you had subsequent conversations with Calero or anyone else indicating which account the money came from?

A No.

Q So you don't have any way of verifying that it came from the [redacted] account?

A No, that is right, other than I think you are the one who brought it up before, that you could not find it.

Q You are aware two different Swiss accounts were used at the receiving end; are you not?

A Yes.

Q Are you aware Miss Studley set those accounts up?

A Yes, I think she arranged that. I think through Werner.

Q The first so-called account was at Bank Leu, L-e-u?

A I don't know that.

Q Did you have any contacts with the Swiss bankers?

A No.

Q You relied on Miss Studley?

A Yes.

Q With regard to the paperwork generated for those accounts, did it come to you?

A No.

Q It came to Miss Studley?

A Right.

Q Did she ever turn it over to you?

A No.

Q So you have never seen the paperwork on those transactions?

A Not directly from the bank. Subject to this shipment, we determined there were some residual monies in that account, and I consulted with Adolfo Calero and he suggested we leave it there because there may be other purchases that we want to make, and that if I found any donors that wanted to contribute to the arms purchase program, that I could have it sent to that bank account. So I kept a piece of paper with that bank account number and name on it for a long time.

Q The National Bank de Paros,in Geneva, Switzerland?

A Yes.

Q You kept that number for a long time. Did there come a time when you acquired any records on this account?

A I was shown, I don't think I have in my possession, I was shown an accounting showing there was about $100,000 left. I gave that to Adolfo Calero, and subsequent to that he asked me to have several payments made to U.S. companies that had provided some non-lethal -- I said that is a waste of that money, but he said, "I am desperate, I need it."

So we did, in fact -- then contacted Miss Studley and asked her to have it transferred, certain payments.

Q And you ultimately exhausted that account, isn't that right?

A That is what I understand.

Q That would have been approximately June 1986, correct?

A That is correct.

Q At that point, or any time thereafter, did you acquir any records on these accounts?

A No.

Q You have no recollection of Miss Studley having packaged up and sent to you any records on these accounts?

A Well, she did, but I think it was -- it was certainly before August of 1986, because I departed the U.S. in that time and hadn't been back since.

Q So at some point you had records of these accounts in your possession?

A She sent me the accounting, which I then sent immediately to Adolfo Calero or gave to him.

Q Can you describe what that record or records consisted of? What were the pieces of paper like?

A I must say I don't remember. Everything was in it except for the bottom line, it was something like $39,000, something like that.

Q Did you retain any copies?

A No.

Q So you turned everything you had over to Adolfo Calero?

A Right.

Q When was the last time you saw those documents?

A Whenever I gave it to him, but I say that that is sometime prior to August of---

Q 86?

A 86.

Q You have not seen them since that time?

A No.

Q Never requested them back from Calero?

A No.

Q You don't know whether he has them at the present time?

A That is right.

Q Do you know whether Miss Studley has any copies of those records at the present time?

A I have no idea.

MR. KERR: Thank you.

BY MR. BALLEN:

Q At your first meeting with Werner, Studley and Calero, were the prices on the weapons already decided upon?

A Yes. My recollection is that these prices were listed -- well, I don't remember whether there was any negotiations. There was one item it seems to me, that was more expensive than what we had gotten some place else. I see on one item there was a reduction on the PRKs. It was listed at $2200 and then it was reduced to $2000. But I remember that Werner said, now, those are the prices we are going to have to pay, there is no commission in there, there is no profit. And Miss Studley said, yes, I know, but that is okay.

Q He said there was no profit for him?

A Oh, no, he says -- he is making his profit. But we don't know what that was. But that is what he could sell them to us, and he still made a profit as I understand it.

Q When did you give that list to Adolfo Calero to sign? You testified earlier you gave it to him to sign. When was that, sir?

A I think after it was retyped, and it must have been in May, because he has an OK on it, if that is his initial. I can't verify it is.

Q Did you give him the list to sign?

A I think I did.

Q Why did you do that?

A What?

Q Why did you do that? Why did you give him the list to initial?

A I just -- he was the guy ordering it. I just wanted to have some recognition that that is the list that he wanted.

Q But he was at that meeting the list was discussed?

A Yes. I don't know whether these modifications were made at that meeting and then this list was retyped and we got him to put his initials on it. I would suspect that that is the way it happened, but I don't recall.

Q Do you recall who was present when you asked him to initial that list?

A No, I don't.

Q But you were present?

A I believe I was. But I am not even sure of that. I do remember discussing the fact we ought to get his initials on the revised list.

BY MR. KERR:

Q You discussed that with Miss Studley?

A Yes.

Q Do you recall whether Miss Studley got this initial on the list?

A It might well have been.

BY MR. BALLEN:

Q General, when was the shipment actually delivered to [redacted] to the best of your recollection?

A I think the 8th of July. That is plus or minus one or two days.

Q In 1985?

A 1985, yes. It was shipped on the 20th of June.

Q After the shipment was made, did you have any conversations with Oliver North about it?

A After it was received?

Q After it arrived?

A Oh, yes.

Q What were those conversations?

A Well, I turned it over to him, and again I don't remember whether this was by direct contact or I sent it through Oliver North or someone else, I gave him a copy of the report that we received from Felix, who was the guy who accompanied the shipment, representing---

MR. KERR: Michael Fields?

THE WITNESS: Yes, Michael Fields.

BY MR. BALLEN:

Q You gave this to Oliver North?

A Yes.

Q Why did you do that, sir?

A Well, I was asking about his guy Mario Delameco. His name -- that is the report there.

MR. BALLEN: Let's mark this as Committee Exhibit 4.

(The following document was marked Singlaub Exhibit No. 4 for identification:)

COMMITTEE INSERT

SECRET
UNCLASSIFIED

BY MR. BALLEN:

Q I will show you Committee Exhibit No. 4, and ask you if you recognize that document?

A Yes.

Q How do you recognize it?

A Well, I have seen it before. I just gave it to you. It came out of my file.

end jm

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UNCLASSIFIED
SECRET

BY MR. KERR:

Q When did you first see it, General?

A I would say a week or so after the ship arrived in July, maybe July of 1985.

BY MRL BALLEN:

Q Who gave it to you at that time?

A Mrs. Studley, I think, gave it to me. She had gotten it from Werner, as I recall.

Q I presume you read it at that time?

A Yes.

Q After you read it, what did you do with that?

A My recollection is I either took to or sent to Oliver North a copy of this.

Q Why did you do that, sir?

A Well, I wanted to keep him informed of what we had done. I had also expressed concern about this person, Mario Dellamico, who was posing as or who was acting as representativ of [redacted] at the port and seemed to have such authority [redacted] And I knew him to be, or he claimed to be an American, which was strange.

BY MR. KERR:

Q Just so I understand your knowledge, you were not there when the arms were put on the ship in [redacted]

A That is correct.

Q So you never actually saw the arms you were involved in purchasing, is that right?

A Not until after they were in the hands of the troops.

Q What you saw in the hands of the troops was Soviet Bloc weapons, but you don't know whether they arrived on your boat or somebody else's, do you, of your own knowledge?

A When I was subsequently visiting [redacted] either Enriquez Bermudez or Adolfo or one of the other members of the FDN, director, asked someone to get one of those new weapons, and as I recall, I was shown one of these, and they were very proud of the fact this was good quality and --

Q Somebody showed you a shining Kalashnakoff, I guess, is that right?

A Yes.

Q But of your own knowledge --

A I have no way of knowing, that is right. I was told this was from the shipment and the quality was exceedingly high.

MR. KERR: Thank you.

BY MR. BALLEN:

Q That was in August of 1985 that you were shown -- you had testified --

A I think that is right.

Q You had testified in the beginning of your deposition in August, 1985, you --

A Yes, that is right.

Q -- were told they had received your weapons.

A That is right.

Q In fact, who had told you, did Adolfo tell you that he had received your weapons?

A Well, I had heard from him that they had arrived -- the day, I think the day they came in --

Q Let me make the question clear. In August of 1985, did Adolfo Calero tell you that his troops were using the weapons that you had sent?

A Using?

Q In the field, that they had them in the field.

A Yes. My recollection is -- I don't mean to say that they were in the hands of troops in Nicaragua, but at least they had some of them in the base camp.

Q That would be [redacted]

A That is right, yes.

BY MR. KERR:

Q You were aware of an arms dealer by the name of Ron Martin at that time, isn't that right?

A Yes.

Q You were aware he had a warehouse or supermarket, isn't that right?

A Yes.

Q You were also aware the place the weapons that you shipped was taken was that arms warehouse, is that right?

A No, I don't --

Q You are not aware of that?

A I do not know that for sure. I heard --

Q Don't you recall discussing that with Mrs. Studley, that is where the weapons went?

A Well, I believe that -- she indicated that, but I know that she was never there, so I don't know whether she has first-hand knowledge of it any more than I have.

Q The bottom line is in terms of where they were stored, you don't know, isn't that correct?

A That is right. Except they were turned over to the [redacted] at the port.

Q They were turned over to Mr. Dellamico, correct?

A No. He supervised the turning over to [redacted] vehicles there to haul the stuff off.

Q You read Mr. Flynn's report which said it was Dellamico who took possession, is that right?

A Yes.

Q Dellamico worked for Ron Martin, isn't that right?

A That is correct.

Q So in terms of the probable end point of those weapons, you concluded, did you not, that they went to

Mr. Martin's warehouse, isn't that right?

A No.

Q You don't ever remember telling Mrs. Studley that?

A No.

end Take 2B

Dotson/drg
Take #3
fols jam

BY MR. BALLEN:

Q Let me ask you, getting back to this letter from Michael Fields, you said that you either sent it to North or handed it to North, is that correct?

A That is right.

Q Did you discuss with North your concern that Mario Dellamico had met the arms shipment?

A Yes, I did. Because he had also met several of the air shipments. Sometimes I would send someone along with the air shipments to just see that they were turned over as we had, you know, more sold, or something else.

Q Which air shipments were these?

A These are shipments of clothing or boots or medicines that we had in some way had responsibility for, either asking another organization -- and I would get a report back from either the person who went along or from the guy that was handling my air operations, Ed Deerborne, that this guy, Mario Dellamico, would show up as if he were in charge and would give instructions to the crew about what to do, and here he shows up at this damn shipment.

Q What did North say in reference to your statement Dellamico had met the shipment?

A I don't remember.

BY MR. KERR:

Q When did you have this discussion?

A Well, it was sometime after this thing. It must have been, probably around August.

Q Anybody else present when you had this discussion?

A I don't remember.

Q Was the discussion face to face, over the telephone?

A Well, I remember asking him, "Who is this guy, Dellamico, what is his relationship, how is it reasonable?" And I don't remember exactly what he gave me, but he said, "Don't worry about it", or something, so I didn't.

Now, I don't remember -- again, it is so long ago, my memory isn't that great, I don't know whether I read this and then took a copy to Oliver North, or I asked Barbara Studley to send it, or whether I gave it to Rob Bolin or I just don't remember. I just remember we sent a copy of this to North to keep him informed.

BY MR. BALLEN:

Q Do you have the shipping manifests?

A It's in that pile.

Q Could you show us which it is?

A Here we go, master's receipt. Here is the master's receipt.

MR. BALLEN: All I am interested in is what you believe to be the shipping manifest. I haven't seen anything that strikes my eye as being that. If you see something, that is terrific.

MR. KERR: We can come back to that.

BY MR. KERR:

Q Do you have any place any other documents on this shipment?

A No.

Q You don't have any more here with you today, in Colorado, the Philippines or GMTO, anyplace else?

A No.

Q With regard to this shipment, and when you talked with Colonel North, do you recall having a conversation with Colonel North, I take it, sometime in the summer about Dellamico in particular, is that right?

A Yes.

Q Do you recall having more than one conversation with Colonel North about the shipment and about Dellamico meeting the shipment?

A Yes.

Q Tell me the occasions when you recall having discussed it with him?

A I don't remember the dates of them, but I remember we had this report, which was turned over to him, and I said I was upset with the fact that this guy was representing [redacted] when, in fact, he was working for Ron Martin, which I didn't know when I first saw this. Later I did learn that.

Then I had a speech in Los Angeles after this, in which --

Q Will your calendar show when that speech was?

A Let's see if I can give you the exact date of that. That was in September, the 26th of September.

Q 1985?

A 1985.

Q What happened then?

A I was out in Los Angeles giving a speech at the Hyatt Hotel in the airport to a conference hosted by Gary North. While I was there, Dellamico called from Miami and said it was important that he see me, and he flew out to Los Angeles, and I met with him for several hours.

The main thrust of his presentation was trying to get me to agree that in the future we would not send weapons directly to the Contras, that we would use his super market, his, meaning Ron Martin's super market. It was really in the nature of a threat, and I reported this to North later, that --

Q When is later? When did you report it to North?

A I don't know.

Q Within days?

A Within -- I don't know.

Q How did you report it to him? Telephone, person-to-person?

A No, I didn't report it by telephone. I think by either a call or, again, I may have used Rob Bolin to go see him and say that I had had this threat. My statement to Dellamico at the time was, "Look, I am interested in getting these arms at the best price, as many arms as we can, for the same amount of money. If they have more money and they want to buy good quality arms this way, that is the way we will do it. If you can meet the prices, fine. I would prefer not to go through the hassle of arranging for this. If we can buy two AK-47s for the price of one, and that is what Adolfo Calero and Enriquez want, that is what we'll do."

Q Had you been told at this time by Calero or Mr. Bermudez they were paying substantially more to Mr. Martin for arms than they told you they were paying Mr. Martin for the arms at this time?

A Only that their last order was, they paid nearly twice as much as we were selling them for. I think they paid about $250 for one shipment.

Q Who did they tell you the order was from?

A They did not at that time.

Q Did they at any time tell you who the order was from?

A I know that the prices Dellamico quoted to me were higher than the prices we got here.

Q I understand. I want you to focus now c any time did Calero or anyone else tell you from whom the Contras had purchased arms that were more expensive than the arms they purchased through your good offices?

A Well, they said at the time we offered these at these prices, they said that is about one-half of what we have just been paying.

Q Paying to whom?

A They didn't say at the time. Later I learned that that was John Secord.

Q At some point, you learned General Secord had charged them twice as much?

A Almost twice as much.

Q For equivalent goods. The goods being Kalashnakoffs?

A Yes. AK-47s.

Q And you learned that information when? Who told you that, and when did it happen?

A I think Adolfo Calero mentioned it. I think it was confirmed, however, by Oliver North in some conversations.

Q When in time?

A In the fall of '85.

Q The fall of '85?

A Yes.

Q And as --

A And in '86, the same thing was said by Calero.

Q How about in '86 by North?

A I don't remember.

Q Coming back to the fall of 1985, when North said Secord had provided these more expensive arms, was that a face-to-face meeting, you talking to North face-to-face, or over the telephone?

A No, not over the telephone. It was either face to face -- I can't remember when we had that meeting with Calero and Secord and myself in Olie North's office. But at that point, I knew that what he had charged was higher than what we had charged.

Q All right. Did you ask either Secord or North why it was that Secord was charging more for arms than you had been able to arrange?

A No.

Q You did not?

A I did not ask them.

MR. KERR: Anything else?

MR. BALLEN: Yes. I want to go back.

BY MR. BALLEN:

Q At that meeting with Secord in Oliver North's office, you were comparing prices on surface-to-air missiles, SAM-7s, is that correct?

A Yes.

Q And your prices were cheaper, is that correct?

A That is correct.

Q And during that meeting, he stated the weapons would be purchased from Secord because he could provide instructors with the weapons, is that correct?

A Yes, generally, that is correct. The discussion was there -- it was about the need for instructors and particularly in operator maintenance of these weapon systems, and Secord had people that he could provide, and because of that, the decision was made it was probably a better deal to get it with the instructors.

Q How much cheaper were your prices on the surface-to-air missiles than Secord's?

A Not a great deal. My recollection was something -- he was asking 180,000 for a set, which is one missile, I mean one launcher and three missiles, five batteries, something like that. Our price was 165,000.

Q Your price was from Mrs. Studley from Werner.

A Yes.

Q Your price was raised with him when, during the meeting in April, you wanted to price surface-to-air missiles?

A Yes, right. Periodically he would confirm a price, and then later --

Q Did North --

A These were MARC IIs, by the way. Some of the missiles that had previously been procured I believe came from [redacted] and they were MARC Is.

MR. KERR: You believe that, based on what, based on what Secord told you?

THE WITNESS: Or Bermudez, I am not sure. My recollection is that there were ten sets that had been procured some place and were available.

BY MR. KERR:

Q You are aware, are you not, these missiles were not delivered to [redacted] the Contras, until April, 1985?

A It's about the time we are talking about, that is right.

Q Does that help you place when you had the conversation with Colonel North and General Secord about these missiles?

A Well, it was after that time, because the question was to get some more from the same source or try our source, because we had quoted prices for these and missiles that were less. When we got down to the nitty-gritty of, can we provide the trainers, and that was the deciding point.

BY MR. BALLEN:

Q North had asked you to go to your source after seeing these other prices to price the surface-to-air missiles?

A Yes. I had that because that was one of the most critical items. Originally, when we were first massaging this, when I first discussed it with Enriquez, it did include about ten additional sets, which would have been over a million-and-a-half.

Q During these discussions, you were saying there was a question, some surface-to-air missiles had already arrived from General Secord, there was a question whether to purchase more and which source.

Since you had provided a good price on these other weapons from Werner, was there a question whether you could price these?

A That is right.

Q And that was Colonel North talking to you about that, correct?

A That is right.

BY MR. KERR:

Q That would place the conversation sometime, at the earliest, in May, isn't that right? It had to be May or later, because you didn't have prices --

A That is right.

BY MR. BALLEN:

Q And during the meeting at the office, did Secord ask if the Greek ship that was en route with your arms [redacted] could be deferred?

A At some point that question was asked.

Q Who asked it?

A It came from Secord. The idea was to divert it to Portugal, as I recall, [redacted] [redacted] And in dealing with Werner, he said, no, he should not do that.

Q So Secord had asked you?

A I am not sure whether he asked directly or whether he asked Olie to ask me, because I only had really one meeting with him.

Q Would it have either come from Secord or Oliver North, Secord asking through Oliver North, is that correct?

A Right. It was my understanding to accommodate Secord.

Q Date-wise, your ship arrives [redacted] July 8.

A Yes.

Q And this conversation, in terms of pricing weapons, could not have occurred before May when you got to the prices. If Secord had asked you to defer the ship bringing arms from [redacted] that would place your conversation somewhere between May, 1985 and July 8, 1985, is that correct?

A Yes, that is right.

Q Did North ever tell you General Secord was leasing planes for airdrops to the Contra forces, that he, North, was leasing airplanes from General Secord for airdrop to the

Contra forces?

A No.

Q Did he ever tell you General Secord was in charge of air re-supply to the Contra forces?

A No, he did not -- I knew that Secord had recommended against purchasing some of the heliocouriers. I was buying heliocouriers, reconditioning them and sending them down, or had in one case donated, had a plane donated.

BY MR. KERR:

Q Let me take you back to where we were. We had gotten to September, 1985, in Los Angeles where you had that conversation with Dellamico.

A Right.

Q I am trying to trace your conversations with North. Did it come to your attention sometime shortly after the Los Angeles speech that Mr. Dellamico had approached the [redacted] and had put the [redacted] on notice he knew about the details and prices, et cetera, of the shipment that you had arranged from [redacted]

A Yes.

Q How did that come to your attention?

A Barbara Studley called me and was very upset because she had had a call from Werner from some place in Europe stating that Werner had been summoned to the [redacted] Embassy in Bonn, I think, or some -- maybe it was in

Switzerland. And at the same time his assistant in Vienna had been summoned to the [redacted] Embassy there, and he really got a blast from [redacted] stating that this individual had come in with a copy of the manifest --

Q This individual being Mr. Dellamico?

A He was unidentified by [redacted] or Werner, but we concluded, based on the description of the guy, that it was Dellamico. And I told Barbara that she should write it up and send or deliver a copy of that to Oliver North.

Q Did you also tell her to send a copy of it to Director Casey?

A I don't remember doing that at that time.

Q To your knowledge, was it sent to Director Casey?

A I don't know.

Q You don't know?

A I do not know.

Q Let me show you a memorandum, dated October 30, 1985, from Mrs. Studley, which will be Exhibit 5.

(The following document was marked as Singlaub Exhibit 5 for identification.)

COMMITTEE INSERT

BY MR. KERR:

Q I would like you to look at that document and tell me whether you have ever seen it before.

A Yes, I have.

Q When did you see the document?

A Sometime shortly after this.

Q Sometime in late October or early November?

A It must have been the first of November. It is dated the 30th of October. But I did hear about it. I think she double-talked it to me over the phone and asked me who it could be? In the report by Fields, the spelling of Dellamico is different. It is Dollamico rather than Dellamico. And I -- after discussing this, I concluded it must be Dellamico, based upon what [redacted] had told Werner.

Q With that memorandum, as you can see, at the bottom there is a series of enclosures, including most of the documentation on the shipment itself. Is that correct?

A Yes.

Q To your knowledge, all of that material was delivered to Colonel North, correct?

A As far as I know.

Q It was delivered by Mrs. Studley?

A That is correct.

Q Now, was the material simply delivered to Colonel North, or was there a meeting with Colonel North about this?

A It seems to me she called him and then attempted to deliver it to him, but he was gone or had to leave, or something, so she left it. It's fuzzy in my mind, but I remember that there was -- she called him in the middle of the night, I think at the insistence of Werner, and then she prepared this report the next morning and delivered it.

Q Were you ever present at a session or conversation with Colonel North where this matter was discussed?

A Yes, I think that I was. But I don't remember where that was.

Q Who else was there?

A I don't remember.

Q What was Colonel North's reaction or response to this material?

A I don't remember.

Q Did he say what, if anything, he was going to do -- you will note the memorandum asks North to take care of it, I believe is the word, or something close to that, Dellamico and/or Martin.

A I don't see anywhere she says that.

Q I will pick it out for you.

A My recollection is that Werner asked her to ask Oliver North to take care of --

Q It says with urgency to stop Ron Martin/Dellamico. That is what the memo says. What, if anything, to your knowledge, did North do or say he was going to do to stop Ron Martin/Dellamico?

A I don't know.

Q You don't know?

BY MR. BALLEN:

Q Let me just ask you something. This memo was dated in October --

A Right.

Q -- and informs that the arms had been diverted to Ron Martin's supermarket. You knew that also from a conversation you had had with Dellamico.

A No.

Q Let me ask you this, do you know the true name of Werner, is it Werner Lott, L-o-t-t?

A No, it is K-l-o-t-z.

Q He has never been referred to as Vernon Gott to you?

A That is correct.

Q You have never been to his farm in Virginia?

A No, the only places I met him was in Frankfurt, Germany -- let's see, I met him several times. I think in the Sheraton Carlton.

BY MR. BALLEN:

Q Do you know Lieutenant Colonel Blalock?

A I have heard the name, but I can't place it.

Blalock?

Q Blalock.

A It rings a bell, but I can't put him in the right compartment. Is it related to this?

Q Do you know of [redacted]

A Yes.

Q Are you aware of the fact that [redacted] went to the Department of Justice to seek legal opinion on this shipment?

A I don't know that from any first-hand statement. I have heard that.

Q From whom?

A Probably Barbara Studley, but I don't remember.

BY MR. KERR:

Q With regard to the matters in this memorandum, you don't have a clear understanding of how Colonel North responded to the memorandum, is that what you are telling me?

A Yes. My concern was to get him informed immediately.

Q I understand the concern, I understand your commitment to the Contras. What I don't understand is lack of response. Ms. Studley says Ron Martin and [redacted] are attempting to force the Contras to buy from them. That is what the memo says.

A That was based upon my experience with Dellamico in Los Angeles in September.

Q Given your sense of commitment to the Contras, if they were being shaken down by Ron Martin and [redacted] I would figure you would find out if that was true and do something about it. Did you?

A Since they didn't have any money, it was a moot question.

Q It was your understanding at this point they didn't have any money?

A That is correct.

Q They still had the $100,000 or - in the Swiss account at that time?

A That is right. That doesn't buy very much.

Q You knew weapon shipments were coming in to them at that time or not? Did you know there were still weapon shipments coming in to them?

A No, I did not know that. It was my understanding their last weapons shipment was the one that we provided in July of 1985.

MR. BALLEN: Until when?

THE WITNESS: Well, until after the $100 million was passed. As far as I know, that was the last weapon shipment they had.

BY MR. KERR:

Q You are losing me. We basically narrowed down the conversation with North on buying missiles to sometime in May, June, very early July period of time. At that time, you had already consumed what you believed to be the last dollars of the Contras, is that correct?

A That is correct.

Q What were you planning to pay for rather expensive SA-7 missiles which you were asking to be priced?

A Well, the assumption was the FDN efforts that are ongoing and my efforts that were ongoing was going to produce some funds in their account.

Q Is it your testimony as of October 30, 1985 no such funds had been produced?

A As of October, 1985, as far as I know, that is correct.

BY MR. BALLEN:

Q And if Secord was -- if the decision was made in the May and July time period that Secord was going to purchase the SA-7s, where was he to get the money from?

A Let me say that in this period I did not know that that was their last money that they had. It was my understanding that in the April period they said "All we have right now is 5.3 million, you got to do it within that amount."

And we said, "okay." We revised our list to fit that. It was some time later I learned that there was no more money coming in and the reason I was not given any additional requests for either missiles or other weapons was because they did not have the money. And that was borne out by the fact Adolfo was continually asking me to take some of that little residual $100,000 to pay some other bills.

BY MR. KERR:

Q I am still having trouble following you.

A I think I understand your point. I assumed the fund raising that was taking place was ongoing and that while in April of 1985, when they said this is all we have, I did not know that there wouldn't be more coming. And so when we talked about missiles, the assumption is that these ongoing efforts to raise money would produce some money. I didn't know whether my efforts [redacted] had produced any money or would produce money.

But I certainly didn't think it was turned off. But in the last year, Adolfo said the last shipment we got was yours.

Q Let's pursue the thought. In October, 1985, Mrs. Studley advises [redacted] are involved in attempting to force the Contras to buy from them, apparently at extravagant prices. This is October, 1985.

A Yes.

Q I would have thought that if you got that kind of information out there, you would have asked Colonel North to do something about it. Isn't that right? Make them stop forcing the Contras to buy from [redacted] Isn't that right?

A No. Because if they didn't have any money, they couldn't be buying.

Q We are going in a circle again. How could it have been a matter of any concern at all to you and Barbara Studley in October, 1985, if they didn't have any money? Who cared? You must have thought they had money to buy if they are making a plea to North to protect them.

A We assumed that they were going to get more money.

Q All right. Let me take it on the basis of assumptions.

A Yes.

Q If that was your assumption, why didn't you pursue it with Colonel North to see what he was doing to keep Dellamico and Martin from forcing the poor Contras to buy at extravagant prices?

A Well, I certainly did ask them about it, and I asked Adolfo about it, and he said, "Don't worry, we are not going to buy from them; when we get more money, we'll see what you can produce."

Q You were aware at this time, were you not, and going into early 1986, Calero was buying himself limited quantities, arms were being shipped into --

A No, I was not aware of that.

Q You were aware, were you not, AS-7 missiles had come in since April, 1985? When you went down to visit them, you saw they had SA-7s, didn't you?

A Yes.

Q Who do you think paid for those and with what resources?

A The same that --

Q If you had used the last $5 million, where was the money to buy SA-7s?

A The money had already been obligated for the SA-7s.

Q You thought when you saw SA-7 missiles in early 1986 these were missiles that had been procured back in the spring of 1985?

A The SA-7s that I saw in 1985 I believed were the ones purchased in early '85. In '86, I knew that they had received some additional --

Q Yes.

A -- missiles.

Q Yes.

A I assumed that additional money had been raised by the same efforts. Again, I had no idea whether my efforts with [redacted] had been successful, because one of the options I gave was just deposit and don't -- you don't have to tell me anything.

Q Do you know how those weapons were acquired, from what source they bought them?

A No, except I knew they did not come from Werner.

Q And you knew that how? Because Werner told you, Mrs. Studley told you?

A Yes. Because -- and Adolfo Calero also said.

Q Did he tell you where he got these weapons?

A No, he didn't.

Q You knew they were of Chinese manufacture, didn't you?

A No, I didn't. The first ones I understood were from Chinese manufacturers. They were very unsatisfactory. Some of them were also delivered to [redacted] and he had bitched to me about that.

BY MR. BALLEN:

Q I wanted to ask you, on page two of this memorandum, it says, "W. said to tell you it is the first of five you are expecting. W. later called to say the ship had sailed." Presumably he was referring to this shipment being the first of five additional arms shipments to the Contras?

A I don't know. At the time I didn't know, and even today I don't know what that refers to, but I am confident that there are other parts of the world that are getting shipments from Werner.

Q And are you confident of that fact?

A Because he told of the -- told us of the large volume of business that he was doing.

Q For whom?

A He didn't specify.

Q Did General Graham tell you it was for the Department of Defense he was purchasing weapons?

A Yes. [redacted]

BY MR. KERR:

Q Who did you hear that from?

A From Werner and General Graham. And in our discussions with Werner, he described the warehousing that he has [redacted] where he has large quantities that can be shipped from there, and that was one of our options available; rather than having to send a full ship to pick up a full shipload, we could pick up smaller quantities out of his warehouses [redacted]

[redacted]

Q He had been doing them for
is that correct?

A That is right.

Q [redacted]

A

Q Did he ever discuss with you supplies he had done for [redacted]

A No.

Q Let me take it a step further, if I can --

MR. BALLEN: I have one more question.

BY MR. BALLEN:

Q You had said you didn't know whether this first of five referred to other arms shipments he was making around the world, and you assumed it did?

A Yes.

Q Why would it be important to bring to his attention with reference to stopping Ron Martin and Dellamico? Presumably Ron Martin couldn't stop him from delivering to others points in the world other than the Contras.

A Yes. So what is the point?

Q The question in my mind is, it says in this memo, W. said to tell you, this is directed to Oliver North, it is the first of five you are expecting. If it was the first of five to other parts of the world, why would that be in this memo? Presumably Ron Martin didn't have power to stop shipments to other points in the world, Angola, the Middle East --

A No, this was a complaint from Werner, and Werner asked Barbara to get this information to Oliver North. That sentence in there was not related to our shipment but the fact that she was going to communicate with him, was an additional thought, also tell him that this was the first of five.

BY MR. KERR:

Q Are you aware of a meeting some place between Barbara Studley and Director Casey on or about September 20?

A Yes.

Q How are you aware of that?

A She told me that General Graham had arranged for them to meet. Now, I had spoken to Director Casey several times about this shipment and how effectively Mrs. Studley had handled that.

Q Let's trace those. When did you first praise

Mrs. Studley to Director Casey about this shipment? When did it first happen?

A I don't have any record of times I met with Casey. I met several times.

Q This occurred sometime after delivery was made?

A Yes.

Q It would have occurred in 1985 then?

A Yes.

Q Later summer, fall, 1985?

A That is right.

Q You don't know where it occurred?

A In his office.

Q Anybody else present?

A No.

Q Did you have some means of access to Director Casey's office other than by way of the public registration process?

A What do you mean?

Q What I am trying to find out, I believe there is no record of you attending a meeting in Casey's office in 1985. Maybe I am mistaken. Do you have a recollection of visiting with him in his office in 1985?

A Yes.

Q On more than one occasion?

A I have to say I am not sure. He has an office in the Old Executive Office Building, and I did meet with him a couple of times there earlier, and I guess I have met with him out at Langley two or three times. I believe one of them was in '85. It may have been early '86.

Q When you would have met with him, you would have met him and registered, going up in his private elevator and being brought in covertly as it were?

A No --

Q You registered?

A I called, and they called up. I didn't go through the regular thing of getting a badge.

Q You don't recall signing any register?

A I did not sign any register.

Q In any event, you had two or three occasions to talk with Casey about how well Mrs. Studley had done on this shipment of --

A Yes. Also, I had occasionally talked to him in social activities, OSS reunion type thing, and another social event, I can't remember what the occasion was in which we -- he just pulled me aside, and we chatted quietly.

Q Do you recall any such occasion when you talked to Casey and told him about Studley, particularly how well she had done this shipment, when there was someone else present, some other witness?

A No.

Q With regard to what you were telling him, you were basically telling him, were you not, that you thought the Central Intelligence Agency should look to Mrs. Studley and Geomilitech as a potential vendor, is that correct?

A Yes.

Q You wanted him to examine whether she and Geomilitech should be a vendor to the Central Intelligence Agency, is that right?

A Yes.

Q The meeting in September, '85, was set up by Graham, is that correct?

A Yes.

Q Why was it set up by Graham as opposed to yourself?

A I wasn't here.

Q She went to General Graham and asked Graham to set up the meeting, Mrs. Studley did?

A Yes, I assume that is the way it worked.

Q Graham contacted Casey to have this meeting?

A Yes, I assume.

Q You did not attend the meeting?

A No.

Q Because you were out of the country, or what?

A I could look up and find out where I was, but I was not here.

Q Did you know Casey's special assistant at that time,

[redacted]

A [redacted] was introduced to me basically about the time he retired. And he said, [redacted] is the guy that you can use to make contact and so forth, and he should be useful to you because he was [redacted] I did, in fact, consult him on that.

Q You placed that in time, when, spring of '86?

A Yes. I could be precise, because it was just exactly the time he retired.

Q All right. With regard to [redacted] do you know what role he played in setting up this meeting for Mrs. Studley?

A I don't know if he did.

Q Do you know who attended on behalf of Geomilitech besides Mrs. Studley?

A I don't know.

Q You don't know if General Graham was present?

A I don't know, but I have assumed in my own mind, since he set it up, he took her out there, but he --

Q The purpose of the meeting, as you understood it, was to make a presentation to Director Casey The Central Intelligence Agency would consider whether or not Geomilitech would be a vendor, is that right?

A That is right.

Q One of the other things accomplished at that meeting is presentation of this memorandum and attachments to Director Casey, isn't that right?

A I did not know that.

Q You don't know that. Did you ever have occasion to discuss this matter that is set forth in this October 30 memo, Exhibit 5, with Director Casey?

A No, I don't think I ever did.

Q Did you ever discuss Ron Martin or Dellamico with Director Casey?

A No.

Q Do you recall discussing with Casey or anybody else from the Central Intelligence Agency in late 1986 the desirability from your perspective of --

A Late '86?

Q Yes. -- desirability of purchasing the arms in the warehouse?

A No. Because I was out of the country.

Q You don't recall ever suggesting to anyone at the CIA, the Agency, out of the hundred million dollars that had been appropriated by Congress, should purchase the arms in the warehouse?

A No, I do not recall any such conversation.

Q In terms of what came out of that meeting, do you recall being told by anybody that the CIA would pursue the possibility of using GMT as a vendor?

A Yes.

Q How were you told that?

A I guess Barbara Studley told me she had met, and they had asked for her to submit a list of prices that she, through Werner, could obtain and that she was convinced that those prices were competitive. They were less than what they were buying at that time.

Q Out of curiosity, it was your understanding Mrs. Studley intended to charge something for her efforts to the CIA, isn't that right?

A That is right.

Q If that were the case, why would they deal with Studley at all, why wouldn't they deal with Latt, as I know him, or Klotz, as you would know him? Why put a middleman in there at all?

A I don't know if there is some aspect of the law that there has to be an American company involved.

Q No, sir, there is not. There is no "Buy-American" program for covert arms.

A I can't answer that.

Q Do you recall any discussion with Mr. Casey about using that profit margin, the GMT profit margin, as a way of generating monies for the Contras?

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A No, I don't remember.

Q You never suggested that to him?

A No.

Q Do you recall suggesting Director Casey [redacted]

A No. You have to understand that Casey and I did not discuss the Contra situation.

Q I include Contras, Angola, any place else Mr. Casey wanted to fight a war. Did you discuss with him --

A No.

Q You don't recall this chart prepared by GMT setting up a proposal to buy arms through [redacted] in a way that would support insurgencies by the CIA?

A No. I do remember that, and I believe that that was one of the things presented by Mrs. Studley.

Q In December?

A Yes, I think she discussed that, but I am not sure. I wasn't present, and I am not sure, but I know she has said that she had discussed it with Al Haig. This was a three-way --

Q Yes, sir.

A -- [redacted]

Q That is right. And the ultimate beneficiary of that was supposedly going to be insurgencies around the world, isn't that right?

A Right.

Q That was a way of creating money for insurgencies without appropriating money from Congress to do so, isn't that correct?

A Yes.

Q That was the purpose of the program, isn't that correct?

A Well, I think that that was one of the important byproducts. I think that there must have been a profit motive in there some place.

Q I have no doubt they were making a profit. One of the other motives was to avoid having to go to Congress to appropriate money for it.

A Yes.

Q It would be a way of doing a counterinsurgency program without the Congress knowing about it, isn't that correct?

A Yes.

Q You endorsed that idea, did you not?

A No, I didn't say I endorsed it. I said I don't believe in it.

Q You don't believe in what?

A Well, improving the military capability of the [redacted]

Q You didn't believe in using the [redacted]

[redacted]

A That is right.

Q The document we have been talking about has previously been marked as Schweitzer Exhibit 2, and I would like you to look at it and ask if you have seen that document.

A Yes, I have seen this before.

Q Where did you see that document before?

A I don't remember.

Q With regard to the concepts in that document, those are concepts Mrs. Studley proposed to whom, the Central Intelligence Agency?

A I believe she proposed it to them, and if she did, I assume that it was when she met with Director Casey, because I don't think she has had other contacts with them unless she has used General Graham or Ray ~~K~~Cline.

Q Do you know the name of -- either real name or alias name of any other Central Intelligence Agency personnel with whom GMT has dealt either directly through Mrs. Studley or less directly through Lieutenant General Schweitzer?

A [redacted] I think, was one, and Ray ~~K~~Cline.

Q With regard to current employees of the CIA, do you know the identity, either alias or real identity of any CIA personnel GMT has dealt with in the period 1986-1987?

A No, I do not.

Q You were not privy to the prolonged effort of GMT to gain a vendor contact with the CIA that stretches back to at least September of 1986? You weren't aware of the meetings and the proposals?

A Only that there were proposals submitted and that Bob Schweitzer was helping set those up.

Q What role, if any, did you play in that program? Did you encourage Casey to go along with it?

A Well, during that active time, I was out of the country, so --

Q Whether you were in the country or out of it, did you talk to Casey about --

A No.

Q You did not.

A No. I remembered in '85 and early '86 that we were able to get those weapons at a very good price and that it seemed to me that it would be worthwhile to try to work that same mechanism.

Q Did it ever come to your attention the prices GMT was offering were not, in fact, very good but, in fact, were inflated?

A I learned only in a general sense that they had said that their prices were no longer competitive.

Q That did not cause you to conclude the prices that had been paid to Werner, Klotz or Latt were inflated in July of 1985? You had no reason to go back and check whether or not you had gotten good prices in July of 1985?

A I know that we did get good prices in July, 1985.

Q You got better prices -- you don't know whether you got good prices, isn't that right?

A No, I do know that it is possible to buy an AK-47 for less than 135, but not a Polish or East German or a Soviet manufacture. But you can get Chinese, a copy, Chinese versions at lower prices. But I am convinced that that's the best price that anybody has ever bought that high quality for. That's by comparing around the world, in Southeast Asia and in Africa, as well as Nicaragua.

Q Did anyone ever explain to you why Mr. Klotz or Mr. Latt's prices were no longer competitive when offered to the Central Intelligence Agency in 1986?

A No, I just assumed one of the reasons these were competitive was because no profit was taken, there was no markup for GMT. In fact, I am convinced GMT must have lost about close to $100,000 on that transaction because of double insurance --

Q That is the July transaction?

A Yes.

Q It is your understanding that was a GMT transaction, is that right?

A GMT made no profit on it, so it really wasn't, there was no -- she helped expedite that.

MR. KERR: I won't pursue it. Go ahead.

BY MR. KERR:

Q Do you recall in 1986 you sent a letter to Mr. Casey proposing a financial transaction on the part of GMT?

A May I see it? I don't immediately recall it.

Q It is a letter that would have gone out sometime after July 28, 1986 to Director Casey. Mark it as -- this should be six, and this should be seven.

(The Following Documents were marked as Singlaub Exhibits 6 and 7 for identification.)

COMMITTEE INSERT

THE WITNESS: Yes.

BY MR. KERR:

Q You did send that letter, isn't that right?

A Yes.

Q You sent that letter in late summer of 1986? It is dated July 28.

A It must have been August.

Q About the same time you were talking to General Schweitzer about him becoming Executive Vice President of GMT, is that right?

A Yes.

Q I would like you to take a moment to read that letter, because I do have some questions on it.

A Okay.

Q As I understand that letter, what you are proposing to the CIA through Mr. Casey is that the CIA utilize funds which you at that time expected to be appropriated to assist the Contras to purchase weapons from GMT for the Contras, isn't that right?

A Yes.

Q Essentially, what you are proposing to Mr. Casey is that since the money cannot yet be appropriated, GMT through Mr. Latt, Klotz's banking relationship would make a loan to the CIA until such time as the CIA had access to Congressional funds, isn't that right?

A Uh-huh.

Q Please answer yes.

A Right, yes.

Q Now, this message was what, hand-carried to Casey by you?

A I don't remember hand carrying this. It's possible that it was taken by Ray ~~K~~Cline or [redacted]

Q Mr. ~~K~~Cline and [redacted] were acting as consultants so to speak to GMT?

A Yes.

Q Did you ever talk to Mr. Casey about the contents of this letter?

A No. Only stating that GMT had a good source and a good mechanism, including the bankers and shippers, that could be useful at what appeared to be lower prices than he had been paying.

Q Bear with me now. In terms of this period of time, August forward, 1986, did you at any time discuss with Mr. Casey the content of this letter, proposal, purchases of GMT, anything of that kind?

A No, because shortly after I had signed this, as I recall, I left the country and was gone almost continuously the rest of the year. I left, I think, on the 30th of August or thereabouts, 30th or 31st, and came back only once for an IRS hearing in October.

Q You were in the country long enough to persuade General Schweitzer to become Executive Vice President of GMT, is that correct? That is yes?

A That was before I left.

Q Yes.

A I went with him to England in August.

Q And he signs on as Executive Vice President of GMT the 1st of September, isn't that correct?

A That is right.

Q One of his first tasks was to deliver documents to Colonel North. Were you aware of that?

A No.

Q Did you have a discussion with General Schweitzer in his guise now as Executive Vice President of GMT about this letter that you were sending or had sent to Casey?

A No, I don't believe, I can't remember discussing this with him.

Q Do you recall ever being told anything about the prices being offered in this letter to the Central Intelligence Agency?

A Only that the list was considered not competitive.

Q And you heard that from whom?

A I think from General Schweitzer, but it may have been when Schweitzer and Ray Cline came through [redacted] in November of last year that they mentioned that. He said it is one of the projects he was working on, this list.

Q In that connection, you learned the identity of who in the Central Intelligence Agency GMT was dealing with in this letter or subsequent letters?

A No.

Q At the same period of time this letter was written, you were aware, were you not, Mrs. Studley was investigating a cargo aboard the Pia Vesta?

A Yes. This is the one in Panama?

Q Yes.

A Right.

Q You knew that how, she told you?

A I don't remember whether she learned of it first or I did. I remember I discussed this with Nestor Sanchez, and I think I discussed it with Colonel North.

Q Do you recall whether Colonel North made a request of Mrs. Studley to investigate the Pia Vesta?

A No, I didn't.

Q You did not know she traveled to Switzerland to talk with people who had an ownership in the cargo of the Pia Vesta?

A No, I did know she made a trip there, and while there she went to the office of the man named Patrice and asked some questions about it.

Q You knew why she did that, don't you, she had been requested to do that by Colonel North?

A I don't know first-hand he had asked her to do that.

Q Second-hand? Did somebody tell you that?

A I don't remember exactly --

Q I will go on to another question.

A I just don't recall what prompted her. I do remember she was going to be there, and I think she asked me if I thought it was all right for her to go to this office. There was a man by the name of Colonel Cummings that had provided I think some of the information about this office in Geneva.

Q Sam Cummings?

A No, this was Dan, not Sam.

Q Dan Cummings, who was the employee --

A Elton Cummings.

Q That Cummings is in the employ of Patrice, is he not?

A I don't believe so. I think he worked for a man in Florida --

MR. BALLEN: David Duncan.

THE WITNESS: Yes.

BY MR. KERR:

Q What was your understanding of David Duncan's relationship to Patrice?

A They had some relationship. David Duncan, I think, on the telephone gave to Mrs. Studley Patrice's address.

Q What was your understanding of David Duncan's relationship to Ron Martin?

A I don't know of any relationship.

Q Why was Mrs. Studley pursuing this matter, if you know?

A Well, in my discussion of this with Oliver North and Mr. Sanchez, when we first heard about it, it appeared that this was a shipment that was not delivered, and if it could be released, it would make a good contribution to the Nicaraguan Freedom Fighter cause.

Q You knew, among other things, there were 32 armored vehicles on that ship, isn't that right?

A No, I didn't know they were armored vehicles, I thought they were trucks.

Q You were not interested in trucks, were you?

A No.

Q You were interested in the Kalashnakoffs and RBGs.

A That is right. I mentioned this to Nestor Sanchez, and I said, "Is there any chance we can have [redacted] release that?" And he said, "Well, it's a good idea." And he said, "I will pursue that also."

I explained that conversation to Barbara. Since she was going to Switzerland, she decided she would stop in and find out as much as she could about it.

Q So she was trying to find out whether or not Patrice was willing to sell these goods, and if so, at what price, is that correct?

A Right.

Q Did she obtain that information?

A If she did, I don't remember what the results were.

Q How did you, on behalf of the Contras, propose to pay for these goods, assuming a deal was struck?

A I was more interested in having them donated. To me, it looked like they had been confiscated [redacted]

Q They had confiscated them from Mr. Duncan and/or Patrice and then donated them to the Contras?

A Yes.

Q I see. But what happened to the goods, do you know?

A I don't know.

Q You know the goods were released, do you not?

A No, I don't. That took place after I left the country.

Q Why was Ms. Studley involved in this matter if all you were trying to do was trying to persuade [redacted] seize the goods and pass them to the Contras?

A I think it was just finding out more about the real ownership and who had ordered it.

Q She was on an intelligence mission, as you perceived it?

TOP SECRET
UNCLASSIFIED

A Yes.

Q She was not actually trying to contract to purchase the goods?

A No, as far as I know, she was not. It was strictly to find out as much as possible about the shipment.

Q During this period of time, the summer of '86, you were aware, were you not, Colonel North was endeavoring to sell, if you will, the assets of what he liked to call Project Democracy? You were aware of that, weren't you?

A No.

Q You weren't aware he was trying to sell the aircraft that was trying to dispose of various assets that had been acquired?

A No.

Q You had no knowledge of that?

A I had no knowledge of that.

Q You were not asked by him to intervene with Mr. Casey to try to persuade the Central Intelligence Agency to buy those assets, is that right?

A No, I was not.

BY MR. BALLEN:

Q During that period, in the fall of 1986, did North give you a list of 20 to 25 arms items he wished you to price?

A When was this?

Q The fall of 1986.

UNCLASSIFIED
TOP SECRET

A The fall of '86?

Q Correct, sir.

A No, definitely not.

Q You never gave to Barbara Studley a list of items he had asked you to price?

A Well, yes, that's quite possible.

Q When would that be?

A That probably was the summer. Again --

MR. KERR: Summer of '86?

THE WITNESS: Yes.

MR. KERR: Can you elaborate on that? What would he have given? For example, are the goods on that list the items he asked you to price in the summer of 1986?

THE WITNESS: Yes, this -- I don't remember this specific list. And you said how many, 20 some?

MR. BALLEN: Twenty some items.

BY MR. BALLEN:

Q Did you have a meeting with Barbara Studley and Colonel North at the Sheraton Hotel where you gave them the list and prices?

A Yes, I think I did. It was in my room.

Q What occurred? First of all, what was the list he had given to you?

A What do you mean, what was the list?

MR. KERR: What did it consist of?

MR. BALLEN: What was on the list?

MR. KERR: Weapons, oranges, what?

THE WITNESS: Something like that.

BY MR. BALLEN:

Q Why had he given you the list at that time? What did he say to you when he gave it to you?

A I don't remember the conversation.

Q But he asked you to price the list.

A I think that is right.

Q Through Werner, that is how you were going to price it?

A Yes.

Q When you met at the Sheraton, you gave him a list of prices you had priced?

A Yes.

Q Were these AK-47s and other kinds of Soviet-type weapons you were asked to price?

A Yes. My recollection is it was a list similar to this one --

Q And this one, you are referring to Committee Exhibit 7, on the second page, your letter to Casey of the Central Intelligence Agency?

A Yes.

Q Do you recall when it was you gave the list in your room at the Sheraton?

A No.

MR. KERR: Do you recall the season? Summer, fall, winter, spring?

THE WITNESS: It must have been the summer.

BY MR. BALLEN:

Q When you gave him the list, what did you say to him at that time?

A I don't remember.

Q What did he say to you?

A I don't remember.

Q Do you remember what the purpose was that he gave you the list for?

A Well, it was a list of weapons.

Q That he had asked you to price?

A Yes.

Q You had a meeting in the Sheraton Hotel, and you don't remember what he said when you gave him the list with the prices?

A No, I don't. I think it's just that I don't recollect the conversation, but I do remember the incident. That was one of the purposes of the meeting. And he had asked for the prices and --

Q Were these more arms for the Contras he was trying to price?

A Yes. That's my understanding of what it was.

Q Who was going to purchase these arms?

MR. KELLEY: Can I talk to him for a second?

MR. BALLEN: Yes.

(Conferring.)

BY MR. BALLEN:

Q My question was Colonel North told you these arms were for the Contras?

A I just have to say that I remember Ollie giving me a list saying, "How about getting the best price on this? What is the best price?" I was only involved on the Contra action with Ollie. I assume that they were working toward the day when the $100 million would be approved, and they would be able to do it, and they were trying to figure out how they should go, hopefully how much better it would be to buy from GMT than from Ron Martin.

Q Didn't Oliver North say, when you handed him the list, that the prices you had gotten on the list showed who he was dealing with was crooked?

A He may have, I don't remember that.

Q He may have?

A Yes.

Q Wouldn't that be something that stood out in your mind?

MR. KELLEY: Who is he?

MR. BALLEN: Colonel North.

MR. KELLEY: Who was crooked?

MR. BALLEN: Would you please read back the question?

(Whereupon, the reporter read the question.)

BY MR. BALLEN:

Q I am quoting a statement, he gets the list, General, and he says that the person that he was dealing with --

A He, Oliver North.

Q He being Oliver North. -- was crooked, or words to that effect?

A I, quite frankly, don't remember that specific statement.

Q Was he upset when he got the list? Was he angry?

A I don't remember specific anger. Surprise maybe.

Q Did this meeting occur in November of 1986?

A No.

MR. KERR: You do not recall it occurring after Colonel North had lost his position with the NSC?

THE WITNESS: No, I am sure it did not, because I was not here. I was in [redacted]

BY MR. KERR:

Q You did come back from time to time, did you not?

A No.

Q You did not?

A I came back just once. I came back and left in August, 1986, came back for five or six days in October for the IRS hearing. And I returned in October to [redacted] and I did not come back until the invitation from the FBI in February.

BY MR. BALLEN:

Q Let me ask you something else. You testified earlier that you had no idea whether or not your solicitation to [redacted] was successful.

A Right. My assumption was that it was not successful, because I had heard nothing otherwise, except that the Tower Commission report indicates that it was successful.

Q But your understanding, until you read the Tower Commission report, you had assumed it was not successful?

A That is right.

Q You had no conversation with anyone regarding whether it was successful or not, Oliver North, William Casey, Elliott Abrams or anyone else?

A No, that is correct.

Q Now, in May of 1986, you went again to [redacted] is that not correct?

A That is right.

Q And you had conversations with Oliver North and Elliott Abrams before you went, telling them that you were going to solicit funds?

A That is right, I did.

Q And they told you that that was all right, to go ahead and solicit funds?

A That is correct.

Q From the [redacted]

A Right.

Q And when you went over there --

A Actually, I don't think I spoke directly to Oliver North at that time. I did speak to Elliott Abrams, because he at that point was the point of contact I had been using for quite some time.

Q And did you ask Mr. Abrams, in order to be prepared before you made additional solicitation [redacted] whether your prior solicitation [redacted] had been successful or not?

A No, I did not ask that question. I assumed they had not been, so I was going to solicit again. I was going to ask again. This time, however, I wanted to know in advance who would be the one to give the signal if they asked for it.

Q What did Elliott Abrams tell you?

A He said that he would.

Q Subsequently, when you arrived there, he called you and said not to do it?

A That is correct.

Q But at no time prior to leaving did you have any discussion with him or Oliver North or anyone else in the administration whether or not your prior trip had been successful?

A No, I did not.

Q And if it came up, how did you expect -- assuming that it had been successful, you would be asking [redacted] for additional funds, wouldn't that be true?

A That is correct.

Q And it was not important, in your mind, to know whether or not that was successful in terms of asking them for the funds, something to the effect, thank you for contributing before, but now I am going to haveto ask you again because the Contras haven't met their needs?

A No. I assumed that when I brought the subject up, if they had contributed something, someone would have told me. All this time I was under the assumption that it had not been successful, my effort had not been successful. So I was making a second attempt. When I went and told of my previous -- told Elliott of my previous efforts and that I was prepared to make that approach again but that I was concerned about who could I call upon to give a signal if that was requested, and I told him about the previous effort, and he said, well, I will, I will do that.

Q Did Oliver North, sir, ask you to go to Costa Rica to meet with Pastora?

A No.

Q Did William Casey ask you to go?

A No.

Q You went on your own initiative?

A Yes.

MR. KERR: You did not meet with anyone in the State Department, Elliott Abrams or any of his assistants, prior to your trip on or about March 27? You left and got down there about the 23rd, isn't that right? You went with Mrs. Studley?

A I can give you exactly when. The 24th of March, we entered San Jose.

BY MR. KERR:

Q Before you departed, leaving the 23rd, or whenever, you actually met with Elliott Abrams and his staff, did you not?

A Yes.

Q One of the things you discussed was Eden Pastora, correct?

A Yes.

Q One of the things you discussed about Eden Pastora was trying to get Pastora to come under the umbrella of UNO, isn't that right?

A Yes.

Q What direction, if any, did you get from Elliott Abrams or his staff members at that meeting on the role you were to play in encouraging Pastora to come under the UNO umbrella?

A My recollection is that they said, they agreed with my basic premise that he was a resource that we ought to have working for us rather than against us. I told them that it was my impression, as a result of many meetings with him here, that he was becoming embittered --

Q He, being Pastora?

A He being Pastora.

Q because of the way he had been handled. And when I had consulted with [redacted] he confirmed the idea and the view that he had, Eden Pastora was the only leader of all the resistance that had any name recognition throughout all of Nicaragua.

Q This discussion would have taken place in March of 1986?

A Yes.

Q While he was still in the employ of the CIA or when he had departed from the employ of the CIA?

A I think it was after he had departed.

Q Was it your understanding he was to convey to you the directive or impression of Director Casey?

A No.

Q He was speaking on his own behalf?

A Speaking on his own based upon his personal knowledge [redacted]

Q As of the time you got on the airplane on March 23 or 24 to go to Costa Rica, had anybody from anywhere told you the

Central Intelligence Agency had embarked upon a campaign, beginning in early January, to strip away Pastora's lieutenants and also launch what they, [redacted] calls a denigration campaign against Pastora?

A No, no one in the U.S. Government told me that that was an official policy.

Q Did that ever come to your attention?

A Well --

Q Surely Pastora --

A Pastora certainly was complaining about the CIA. My conversations with Elliott Abrams led to my belief that, yes, Pastora is an asset that we ought to be using, but he has been difficult and has been creating more problems and is more of a burden than a benefit at this point.

And in trying to find out what those problems were, what burdens he was carrying, it was reported that he was in Costa Rica creating problems.

Q One last question, just so I can lay the ground work: You did not discuss with Casey or anyone you thought would talk to Casey the fact that you were going to go to Costa Rica and try to get Pastora to sign up with UNO, is that right?

A No, I did not discuss it with Casey or anyone in Casey's office, but I assumed that Elliott Abrams, who met regularly with Casey and with Oliver North, would mention this, and that if this was not a good idea, somebody would let me know. That was the agreement I had with them.

Q And --

MR. BALLEN: Agreement with whom? You said agreement with them. With who?

THE WITNESS: First it was with Oliver North. I said I will report to you what I am doing to help Adolfo Calero. If you hear that I am doing something that is dumb, let me know, because I didn't want to do anything that was contrary to what I believed to be the administration's policy.

I knew that he couldn't give me orders, directives, and didn't want to do that. I just said, "Let me know if I am doing something dumb". And I told Elliott the same thing, I said, "I am trying to be helpful. I don't want to -- I am not creating foreign policy, I am not trying to be a second CIA. All I want to do is to facilitate this," and I have become good friends, personal friends of Eden Pastora as a result of many meetings and some very frank discussions with him that had gone back a couple years.

MR. BALLEN: So you had told North if there was anything you could be doing with Pastora --

A Not specifically with Pastora. What I was doing with the Contras. That was the agreement, silence is approval.

BY MR. KERR:

Q You think you had a similar understanding with

Elliott Abrams, is that correct?

A Yes. Except I could be more frank with him.

Q Let me clean up quickly. As of the time you got on the airplane to Costa Rica in March, 1986, you had told Colonel North of the fact that you had intended to speak with Pastora and bring him under UNO?

A No.

Q After you arrived in Costa Rica and you began negotiating with Pastora for the agreement that was ultimately signed, did you consult with anyone in the embassy about what you were doing while you were doing it?

A I -- yes. I went to the embassy, met with Lew Tambs, and he brought in his defense, the attache, the guy who has a euphemistic title there --

Q What was the name?

A Lieutenant Colonel -- something like Lent, I think it was.

Q Did you tell him you were negotiating with Pastora?

A Yes. I was meeting with Pastora. My objective was to try to get him to join up. I wanted to know what specifically was he doing that was creating problems for the U.S.

Q And did they tell you?

A Yes.

Q Did they tell you they thought it was a good idea to go ahead with these negotiations?

A They did not tell me not to and did not express any objections, I guess, is the best way I can answer that. Because I don't remember specifically anyone at the time before of the case saying it was a good idea, but they answered my questions about what were the problems, and I said, "Well, I believe he is an asset we ought to have on our side. If we continue to treat him the way we are, he can become a liability." I told him what I was going to do.

Q Was there anybody at these meetings before the document was signed that you either knew or suspected to be from the Central Intelligence Agency?

A Yes.

Q Who was that?

A I think it was [redacted] or his representative was there.

Q Either him or his deputy?

A Yes.

Q Did they encourage or discourage you?

A Neither.

Q You don't recall them telling you not to do it, it is a bad idea?

A Definitely they did not say that.

MR. BALLEN: Let me ask you one or two questions on this.

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BY MR. BALLEN:

Q After you concluded the agreement on March 26 with Eden Pastora, did you contact anyone in the administration in terms of having Adolfo Calero deliver goods to Pastora in Nicaragua?

A Well, I turned the agreement over to Lewis Tambs, the U.S. Ambassador to Costa Rica.

Q Did you speak to Calero about him delivering supplies to Pastora?

A Yes.

Q How did Pastora respond to that?

A He said we can do that, there is no problem.

Q And did you speak to anyone in the administration about Calero supplying goods to Pastora in Nicaragua?

A One of the CIA officers [redacted] accidentally ran into me during my activities there. He made reference to this meeting, and I said, told him I had gotten an agreement from Calero and Enriquez Bermudez to release a small quantity of AK-47 ammunition that was going to be required, a few hundred rounds, a few thousand rounds. And, again, he said something, no problem.

Q Do you recall who that official was?

A No.

MR. KERR: Did it come to your attention the materials were not delivered at the order of the Central

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Intelligence Agency?

THE WITNESS: I was never told that it was the Central Intelligence Agency that gave the order, but I assumed that because only the CIA could have had that level of control over the FDN who had made a promise to me.

BY MR. BALLEN:

Q Did Calero ever tell you he had gotten an order from the CIA not to deliver weapons?

A No, he did not tell me that.

MR. KELLEY: One more question.

THE WITNESS: Do I come back here?

MR. KERR: If I can persuade you to come back, we probably will have you come back.

MR. KELLEY: Just be in touch.

BY MR. KERR:

Q In April of 1984, during that period of time, the spring of 1984, did you learn or come to know that Colonel North and Mr. McFarlane had concluded that you were to be the coordinator, the spokesperson for a private effort to aid the Contras?

A No, nobody ever informed me of that, talked to me about that. I saw it printed in some publications.

Q AP ran a story to that elefect. That is not true, to the best of your knowledge?

A Not true, to the best of my knowledge.

Q In October, 1984, were you involved in the effort to persuade [redacted] to give military assistance to the Contras, 1984, three times, three requests?

MR. KELLEY: Is this where we started this morning?

BY MR. KERR:

Q In October, 1984, were you involved in the effort to persuade [redacted] to give aid to the Contras?

A No.

Q You don't recall being visited by Colonel North, saying he was talking to [redacted] to deliver aid to the Contras

A No, he didn't tell me that, but Adolfo Calero told me that he had been approached by [redacted] and I asked him not to deal with them, that it would produce problems.

Q Does that refresh your recollection you had gone to [redacted] and asked [redacted] to provide aid to the Contras?

A Was I in [redacted]

Q I don't know that. If you don't know --

MR. KELLEY: You can learn the answer by looking at your calendar.

MR. KERR: We asked for the calendar in the subpoena. If you will send us a copy of it, that will be appreciated.

THE WITNESS: I have a copy here.

MR. KERR: As much as I would like to keep you here, I guess we had better let you go to your airport.

BY MR. BALLEN:

Q This is your calendar or a chronology?

A That is a combination of taking things off my calendar and my passports.

MR. KERR: I appreciate that.

MR. BALLEN: Thank you very much.

(Whereupon, at 2:10 p.m., the committee was adjourned subject to the call of the chair.)

drg-end

NC Date ▪ 004

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ITEM	QUANTITY	PRICE PER UNIT USD	TOTAL PRICE USD	TOTAL WEIGHT (TONS)
1. [illegible]	[redacted]	[redacted]	1,350,000 $ 675,000.00	[redacted]
2. [illegible]	[redacted]	[redacted]	16,520,000 $ 660,000.00	[redacted]
3. [illegible]	[redacted]	[redacted]	$ 330,000.00	[redacted]
4. [illegible]	[redacted]	[redacted]	925,000 $ 555,000.00	[redacted]
5. 5/– [illegible]	[redacted]	[redacted]	$ 3,280,000.00	[redacted]
6. [illegible]	[redacted]	[redacted]	500,000. $ 560,000.00	[redacted]
	[redacted]	[redacted]	4,755,000 ~~$ 6,050,000.00~~	[redacted]
		Shipping	$ 350,000.00	
			$ 6,400,000.00	

[redacted]

7. A. Offensive –
   B. Defensive

8. [redacted]

Committee Ex 3 [illegible]

Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5720

EXHIBIT
JKS-1

UNCLASSIFIED

15 MAY 85

004

ITEM	TYPE	QUANTITY	PRICE PER UNIT USD	TOTAL PRICE USD	TOTAL WEIGHT (TONS)
* 1.	[redacted]	[redacted]	[redacted]	$ 1,150,000.00	[redacted]
2.	[redacted]	[redacted]	[redacted]	$ 1,650,000.00	[redacted]
3.	[redacted]	[redacted]	[redacted]	$ 330,000.00	[redacted]
4.	[redacted]	[redacted]	[redacted]	$ 925,000.00	[redacted]
6.	[redacted]	[redacted]	[redacted]	$ 500,000.00	[redacted]
7.	[redacted]	[redacted]	[redacted]	$ -----	[redacted]
				$ 4,755,000.00	
			Shipping	$	
				$	

* Includes 5 (five) magazines, sling, and cleaning equipment per item.

EXHIBIT
JKS-2

5721

ok.
15 May 1985 –
Received

Committee Ex 2
[illegible]

Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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5 Aug 86

UNCLASSIFIED

F[illegible]

N[illegible]

~~CONFIDENTIAL~~

N 16513

[redacted]

Jack has asked that I send you a copy of the "List" and the lette being delivered to Bill Casey by [redacted] at noon today (Aug. 5)

Please follow up with him, or in the event that you cannot do so please see that the right person in the NSC understands what we ar proposing.

Swiss banker standing by, loan can be arranged with absolutely r names, etc. Funds available immediately. Shipment can leave dock within two weeks and arrive at destination in five to six weeks from now (Sept 9th).

Partially Declassified/Released on 4 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5722

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EXHIBIT
JRS-5

UNCLASSIFIED

E X 0235

PERSONAL AND CONFIDENTIAL

Mr. William Casey
Director, Central Intelligence Agency
Langley, Virginia

Dear Bill,

The enclosed list of hardware is available for immediate delivery at the prices indicated. The list was developed in conjunction with a member of the NSC who is knowledgeable of the urgent needs of the United Nicaraguan Opposition with which the US has a continuing interest. The items can be at dockside, ready for shipment within two weeks from the date of a Letter of Credit or the deposit of actual funds.

Due to the fact the funds from Congress will not be available until after September, our bank in Switzerland, will accept a Letter of Credit from your bank and issue a loan for six to twelve months, or as needed. Our bank will fund immediately for the purchase of the listed items, thus providing the equipment that is so desperately needed now while allowing for payment at a later date.

Our banker is prepared to fly to Washington and take care of the Letter of Credit directly with your designated bank. This eliminates all bank tested telexes or paper trails. The loan can be in the name of a corporation of your choice. It is not necessary for our bank to know your identity, only your banker.

Our bank has been exceptionally discreet in processing our transactions in the past. At the close of the transactions, the bank file will only show corporations, numbered items and amounts. No reference will be made of the specific items involved in the transaction, nor of the individuals or actual organizations involved.

Please let me know as soon as possible your desires for our future actions on this matter.

Yours truly,

Jack

John K. Singlaub
Major General, U.S. Army (RET)
Consultant

DEPOSITION EXHIBIT 1
SCHWEITZER
4-27-87

1 Incl: a/s

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GeoMilTech Consultants Corporation
[illegible] Avenue, NW / Washington, D.C. U.S.A. 20006 • (202) 887-0516. Telex 904278 GMT Wash D.C

GeoMiliTech Consul[illegible]s Corp
1919 Pennsylvania Ave NW Suite [illegible]
Washington DC 20006

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(202) 387-[illegible]

Quoted : 28 July 1986

E X 271

#	ITEM	QTY	UNIT PRICE
1	SA-7	50 sets(1+3)	159,600 per set
2.	12.7mm MachineGun 12.7mm Ammo	60 3 Million Rounds	9,350each 2,940 per M
3.	14.5mm MachineGun 14.5mm Ammo	20 Twin Version 1 Million Rounds	34,000each 3,570 per M
4.	RPK Rifle 7.62X39mm Ammo	300 15 Million Rounds	1,980each 129 per M
5.	60mm Mortar "Commando" 60mm Shells	200 600,000	6,500 each 84 each
6.	82mm Mortar 82mm Shells	50 150,000	7,150 each 105 each
7.	RPG-7 Launcher PG-7vm Rockets	200 10,000	1,815each 194 each
8.	C4 Plastic HE*		
9.	AKMS Rifles	10,000	155 each

PRICE
FOB : [redacted]
Delivery : [illegible] availability.
Factory to dockside.
Commercial shipper will deliver to port you designate at normal competitive rates.

* Available: Source will not quote without bona fide offer.
Item under control of separate part of government.
Source guarantees price will be as competitive as the other items on this list.

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NO EUC REQUIRED.
SOURCE SUPPLIES ALL REQUIRED DOCUMENTS AT NO ADDITIONAL CHARGE.